

ECONOMIC DEVELOPMENT



THE LEELANAU GENERAL PLAN

Policy Guidelines for Managing Growth on the Leelanau Peninsula

Working Paper Number 7

May 7, 1992



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Working Paper #7
ECONOMIC DEVELOPMENT
ON THE LEELANAU PENINSULA

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PREFACE

This working paper is the third in a series providing background information for the preparation of the **Leelanau General Plan: Policy Guidelines for Managing Growth on the Leelanau Peninsula**. It is numbered as the seventh working paper. The first four working papers were generated to document public input from countywide growth management forums, the results of citizen and local officials surveys and the activities of the Citizens Advisory Committee (CAC). This committee studied the need for a new County plan and various approaches that could be taken in the preparation of such a plan. They concluded that while a new plan was needed, it should not be simply another "*County Comprehensive Plan*" prepared by the County Planning Commission. Instead, what is needed is a growth management plan for the Peninsula that involves the direct input and participation of all the local units of government in the County. This led to the initiation of the **Leelanau General Plan**. The fifth working paper presented a report on the "*Trend Future*" facing Leelanau County. Working paper #six presents goals and objectives for the **General Plan**.

This working paper addresses Leelanau County's Economy through the following Chapters:

Chapter 1 – **Population and Income**; in addition to offering a general frame of reference for the rest of the paper, this chapter touches on economically-based indicators of the general population. Earnings by industry, income, occupations and educational levels are among the topics addressed.

Chapter 2 – **Labor Force and Unemployment**; this chapter discusses factors like size and location of the labor force and historic unemployment rates.

Chapter 3 – **Employment by Sector**; dominant trade sectors, growth in employment, and establishments over time are covered in this chapter.

Chapter 4 – **Tourism**; this chapter addresses spending and employment related to tourism, the significance of major attractions, and other economic issues related to tourism.

Chapter 5 – **Agriculture**; the importance and value of agricultural products, changes in the number and size of farms over time, amount of land in orchards over time, and production are included in this chapter.

Chapter 6 – **Real Estate**; trends in state equalized value, growth in second homes, and shifts in tax base are addressed in this chapter.

Chapter 7 – **Economic Base and Employment Projections**. This chapter presents an analysis of the economic base of the County and presents projections of future employment.

Chapter 8 – **Issues & Recommendations**. This last chapter reviews issues and recommendations made in one recent economic development report and one older report. These are supplemented with additional recommendations based on newer information presented in this report.

EXECUTIVE SUMMARY

The purpose of this working paper is to provide an information base that becomes a point of reference for discussing economic development issues in Leelanau County. Data and analysis is furnished to help local officials make better decisions when allocating resources for economic development.

This working paper provides: information on select population characteristics, particularly employment, income, and occupations; employment by sector; profiles of particular employment sectors including, tourism, agriculture and real estate; and an overview of economic development issues. The economic base of the County is analyzed and a ten year forecast of total new employment is presented. The final chapter outlines objectives, recommendations and potential future resource needs associated with growth in employers and employees in the County.

Several observations are offered to give a frame of reference for the working paper:

- Because Leelanau county is a peninsula, and there is no "pass-through" travel, it is a destination location. This phenomena is great for tourism, but drastically limits many types of large-scale commercial and industrial development.
- Common attributes that industrial developers look for when sighting a facility include access to harbors, highways and rail service, adequate utilities, a skilled labor force, and proximity to market. Leelanau County has limited public facilities and is relatively isolated geographically. This does not make it attractive for many types of industry.
- Leelanau's crown jewels are its natural resources. The agriculture, timber and tourism industries all depend on the sound management of the area's natural resources.

Other key points made in the working paper include:

- The base, or export industries on the Peninsula are in the service, retail, agricultural and construction sectors. All other economic sectors essentially import goods and services to meet the needs of the local economy. Specifically, manufacturing, mining, transportation and public utilities; finance insurance and real estate; and governmental services are import, or nonbasic trades in the County.
- Leelanau businesses are generally small with few employees. The majority of firms are one-person operations. Many businesses are small and/or seasonal, and have a limited ability to provide higher wages and benefits.
- In 1940 the agricultural sector provided 41% of all jobs for Leelanau County residents. By the 1980 Census, agriculture only accounted for 8.6% of all jobs.
- Agriculture remains as a key component of the local economy and local landscape, but a small year-round employer overall, due to automation in agricultural production and/or the use of migrant workers.
- The top three industries, in terms of income generation, for Leelanau county were services (34.4% of all personal income), construction (19% of all personal income), and retail trade (16.5% of all personal income).
- Transfer payments in the form of public assistance, pensions and social security represent a significant flow of money to the local economy. Between 1969 and 1989, the number of persons receiving social security benefits in the County increased from 1,036 to 2,780 (up 168%). The amount of benefits imported in the County went from just over \$60,000 to nearly \$1.5 million dollars—an increase of 23 times. There is no available data on employer pen-

sions provided to retirees in the County, but it can be surmised that social security payments actually represent a relatively low percentage of retiree income entering the County.

- Leelanau County's population has a higher per-capita income than surrounding communities, yet its workers tend to earn less than workers in comparable industries throughout the state. This may be due to the significant importation of pension dollars into the economy which pulls up per capita income even if low incomes don't change.
- Leelanau County businesses should work to capture more of the imported income of the County.
- County residents, on the average have higher educational attainment than surrounding communities and the state. This figure may be skewed by the influx of wealthier retirees who would tend to be better educated.
- Income from workers in service, retail and construction sectors account for the majority of income from all industries.
- Average earnings by industry for workers in the County is less than the state in all categories. Except for the construction sector, workers in Grand Traverse County earn more than their counterparts in Leelanau County. Leelanau manufacturing and finance, insurance and real estate workers on the average earn less than their counterparts in Grand Traverse, and Benzie and Antrim Counties, this is not the case for other sectors where Benzie and Antrim County workers tend to

earn less than Leelanau County workers.

- Growth occupations are going to be in the service sector.
- Between 1960 and 1990, Leelanau County's labor force (those 16 years or over and able to work) increased 151%. (The population increased 77% in this same time period.) In 1960, there were 3,319 persons in the labor force and, by 1990, the labor force was estimated to be 8,350.
- Cottages or seasonal housing are comprising a larger segment of the county's tax base, increasing in 125% between 1980 and 1990.
- In a ten year period, residential state equalized value (SEV) rose 212%. In that same period agricultural land values went up 57%; commercial land 171%; and industrial land 20%. Timber land values fell 54%. Nevertheless, total residential SEV remains nearly ten times greater than commercial or agricultural SEV.

Population growth, particularly the seasonal increases, have expanded Leelanau County's economy. While this may be considered an opportunity for business, it is also a responsibility to units of government to provide additional public services. New development often does not pay for the additional expense of providing public services. There is also concern in the County that additional growth will jeopardize environmental quality—and the very amenities that attracted people to Leelanau County in the first place. The protection of environmental quality and rural and natural amenities is a critical economic development objective, since tourism depends so much upon an uncluttered, unadulterated, attractive environment.

Chapter 1

POPULATION & INCOME

INTRODUCTION

Leelanau County has grown rapidly in the last several decades. Shifts in population, jobs and income have changed the economic profile of the County. Rather than merely reacting to change, public sentiment is growing to ensure future economic changes do not undermine existing quality of life. In order to provide the foundation for economic development, a community must have adequate public services and facilities. In turn, decision-makers must be equipped with a broad array of information on the economic characteristics of the community. This information enables them to make better decisions when allocating limited resources.

The purpose of this working paper is to set a foundation—a base of knowledge that provides:

- A discussion of select population characteristics.
- A basis for understanding Leelanau County's economy and how it functions.
- Identification of key economic development issues.

Once the foundation of knowledge has been laid, a meaningful course of local action can be plotted.

FRAME OF REFERENCE

The data presented in this report should be reviewed in light the following critical observations that affect Leelanau County's economic activity and competitiveness.

- Because Leelanau county is a peninsula, and there is no "pass-through" travel, it is a destination location. This phenomena is great for tourism, but drastically limits many types of large-scale commercial and industrial development.

- Common attributes that industrial developers look for when sighting a facility is access to harbors, highways and rail service, adequate utilities, a skilled labor force, and proximity to market. Leelanau County has limited public facilities and is relatively isolated geographically. This does not make it particularly attractive for large-scale industry.
- However, the Leelanau Peninsula is not without abundant assets. Leelanau's crown jewels are its natural resources. The agriculture, timber and tourism industries all depend on the sound management of the area's natural resources.
- The base, or export industries on the Peninsula are in the service, retail, agricultural and construction sectors. All other economic sectors essentially import goods and services to meet the needs of the local economy. Specifically, manufacturing, mining, transportation and public utilities; finance insurance and real estate; and governmental services are import, or nonbasic trades in the County.
- Leelanau businesses are generally small with few employees. The majority of firms are one-person operations. Many businesses are small and/or seasonal, and have a limited ability to provide higher wages and benefits.
- Agriculture remains as a key component of the local economy and local landscape. However, it is but a small year-round employer overall, due to automation in agricultural production and/or the use of migrant workers.

DATA SOURCES

Many of the data sources used in this report have a considerable lag time in their release because of compilation and publishing schedules. The most up-to-date data from the majority of governmental sources may be 2-5 or, in the case of the decennial Census, over 10 years old. Even now, some 1990 Census data, already two years old, remains to be released.

Many of the data sources rely on differing methodologies. Some sources (e.g., Michigan Employment Security Commission and Bureau of Labor Statistics) gather data at the household level while others gather it by place of work (e.g., **County Business Patterns**, and special industrial censuses). Explanations with respect to data sources are presented throughout the text. It is important to understand these differences to appreciate the limitations inherent in much of the data.

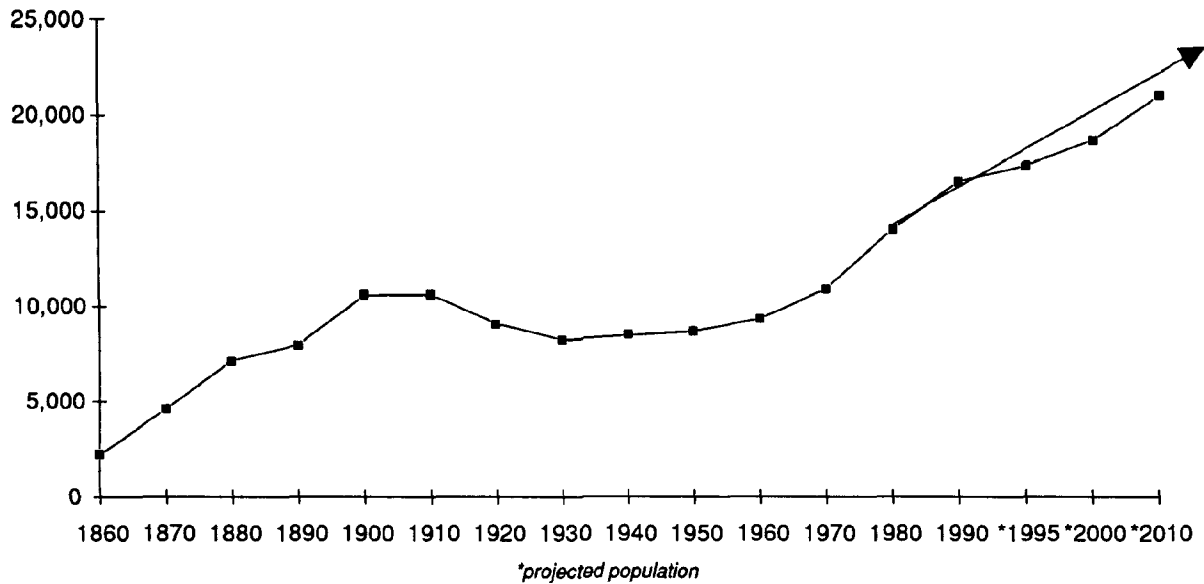
POPULATION

Since 1940, Leelanau County's population has steadily increased, with the most dramatic changes coming since 1960 (see Figure 1-1 and Table 1-1). The State Department of Management and Budget projects that Leelanau's 2010 population will reach approximately 21,000. This is about a 25 percent increase over the next 18 years. Projections presented in the County's 1989 Solid Waste Plan show the population hitting 20,300 by the year 2007. Straight line projections based on current trends would place the population at approximately 23,000 by the year 2010 (a nearly 40 percent

increase). Whatever actually occurs will have a significant effect on the construction sector of the economy as well as on the retail sector. However, what remains to be seen is how much impact there will be on the labor force composition and number of new jobs created in the County to serve the higher population. If most new jobs continue to be available elsewhere, then the impact on roads in some areas could become acute.

Shifts in population and employment patterns are beginning to suggest that Leelanau County is becoming a bedroom community to the Traverse City metro area. In the last couple of decades, the Traverse City area has experienced a significant amount of growth in both population and employment. More diversified industries offer job opportunities that attract people to the area. Many of these jobs are skilled and professional positions with higher average incomes. These higher income people are more mobile and desire suburban or rural lifestyles; thus, metro growth is beginning to spill over into Leelanau. Additionally, there is evidence that many of Leelanau County's residents commute outside the municipality they reside in for employment—many of them to employers in Traverse City. While Leelanau continues to be attractive to retirees and tourists, the bedroom community phenomenon is yet another wave of development that peninsula residents need to consider in formulating growth management efforts, especially in the southeast portion of the County.

**Figure 1-1
LEELANAU COUNTY POPULATION: 1860 - 2010***



Source: Decennial Census 1960-1990; Projections, Michigan Department of Management Budget

**Table 1-1
LEELANAU COUNTY POPULATION: 1860 - 2010***

	Leelanau County
1860	2,158
1870	4,576
1880	7,128
1890	7,944
1900	10,556
1910	10,608
1920	9,061
1930	8,206
1940	8,436
1950	8,647
1960	9,321
1970	10,872
1980	14,007
1990	16,527
*1995	17,332
*2000	18,653
*2010	20,980

Source: Decennial Census 1960-1990; Projections, Michigan Department of Management Budget

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INCOME

The MESC Annual Planning Report for Northwest Lower Michigan (1991) reflects that as of 1988, the top three industries, in terms of income generation, for Leelanau county were services (34.4% of all personal income), construction (19% of all personal income), and retail trade (16.5% of all personal income; see Table 1-2 for regional comparisons). Kalkaska was the only county that did not have services as one of the top three income providers in the region. Leelanau County was the only county that did not have government as one of its top three income providers.

Table 1-3 presents the average amount of earnings per worker in various industrial sectors. In 1988, for Leelanau County, construction, government, and transportation/ utilities related jobs had higher average earnings than manufacturing and service related jobs. This is not the case in neighboring counties where manufacturing jobs tend to bring in more per worker. In general, Leelanau County workers earn less than state averages in comparable industries.

Table 1-2
PERSONAL INCOME DISTRIBUTION BY
TOP THREE INDUSTRIES 1988

COUNTY	FARM.	CONST.	DURAB. GOODS	NONDUR. GOODS	GOVT.	SERV.	RETAIL TRADE	MINING
Antrim	—	—	26.1	—	19.6	21.3	—	—
Benzie	—	—	—	—	18.9	20.8	13.8	—
Charlevoix	—	—	31.9	—	14.3	14.6	—	—
Emmet	—	—	—	—	11.8	40.8	13.4	—
Grand Traverse	—	—	—	—	14.2	28.3	13.6	—
Kalkaska	—	—	21.2	—	11.8	—	—	28.0
Leelanau	—	19.0	—	—	—	34.4	16.5	—
Manistee	—	—	—	21.2	16.9	16.7	—	—
Missaukee	15.8	—	—	—	19.9	17.0	—	—
Wexford	—	—	28.2	—	13.3	21.2	—	—

Source: Bureau of Economic Analysis, U.S. Department of Commerce

Table 1-3
EARNINGS PER WORKER BY INDUSTRY 1988

	Antrim	Benzie	Grand Traverse	Leelanau	Michigan
Total	\$13,769	\$13,392	\$18,212	\$13,582	\$24,823
Farm & Agriculture	2,265	6,184	6,276	5,218	8,751
Manufacturing	23,226	14,695	22,480	14,644	40,752
Mining	12,026	23,035	30,571	(L)	28,061
Construction	17,483	22,539	23,712	25,657	29,810
Transport and Utilities	28,200	12,779	31,879	19,608	35,102
Trade	10,814	22,539	12,671	12,351	16,316
Finance, Ins. Real Estate	4,951	6,627	11,471	1,290	17,874
Service	10,955	10,259	17,856	15,172	20,683
Government	18,729	18,343	23,681	20,224	23,704

(L) = Data withheld; less than 10 employees

Source: Michigan Rural Development Strategy Data Book, Michigan Department of Commerce, 1991, pg. 34

Total earnings by all workers in Leelanau County in 1988 amounted to nearly \$67 million dollars (see Table 1-4). As would be expected, the majority of total income in the County came from the service sector (nearly one-third). By comparison, surrounding counties and the state and nation had between 20.3% and 28.2% of all income come from the service sector. Trade accounted for just over 19% of all

income in the County; and construction, just over 18%. Recall that in terms of *number of jobs*, services account for 47% of all employment; retail trade, 19% and construction 7.5%. Even though construction accounts for only 7.5% of jobs in the County, it accounts for 18% of the total income. Conversely, services provide 47% of all jobs and 33% of all income.

Table 1-4
EARNINGS BY INDUSTRY 1988

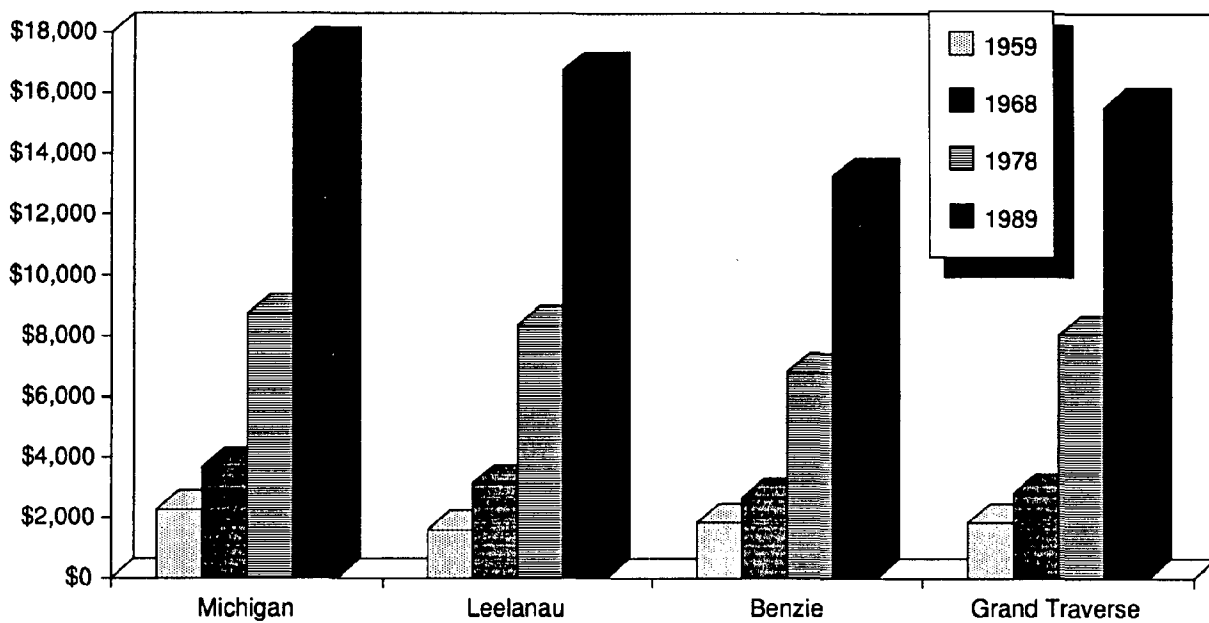
	Antrim	Benzie	Grand Traverse	Leelanau	Michigan	US Average
Total (in thousands)	\$87,569	\$62,379	\$772,117	\$66,469	\$112,060,839	N.A.
Farm & Agriculture	1.30%	3.20%	0.80%	5.90%	0.90%	2.20%
Manufacturing	28.90%	17.00%	16.20%	4.20%	35.00%	20.30%
Mining	0.50%	0.20%	2.60%	0.40%	0.40%	1.00%
Construction	8.10%	11.70%	8.50%	18.10%	5.00%	6.40%
Transport and Utilities	2.30%	4.20%	5.80%	2.30%	5.30%	6.70%
Trade	13.50%	20.10%	17.50%	19.40%	14.60%	16.10%
Finance, Ins. Real Estate	2.60%	2.80%	4.30%	0.80%	4.50%	7.30%
Service	21.20%	20.30%	28.20%	32.70%	21.30%	24.40%
Government	21.50%	20.60%	16.10%	16.20%	13.10%	15.60%

Source: *Michigan Rural Development Strategy Data Book*, Michigan Department of Commerce, 1991, pg. 32

While per capita income of Leelanau County is lower than the state's average, the County (since 1968) has had a consistently higher per capita income than neighboring Grand Traverse and Benzie Counties. Between 1959 and 1989, the State's per capita incomes increased by 673% while Leelanau County's increased 943%. Grand Traverse and Benzie County's per capita incomes increased 746% and 620%, respectively, in that same time period. In 1989, Leelanau ranked 12th of 83 counties in per capita income (see Figure 1-2 and Table 1-5). Increases in per capita income can be deceptive in that an injection of wealthy people can bring up the average, even if the native population's income hasn't changed.

Transfer payments in the form of public assistance, pensions and social security represent a significant flow of money to the local economy. Between 1969 and 1989, the number of persons receiving social security benefits in the County increased from 1,036 to 2,780 (up 168%). The amount of benefits imported in the County went, per month, from just over \$60,000 to nearly \$1.5 million dollars—an increase of 23 times (See Figures 1-3 and 1-4). There is no available data on employer pensions provided to retirees in the County, but it can be surmised that social security payments actually represent a relatively low percentage of retiree income entering the County.

Figure 1-2
PER CAPITA PERSONAL INCOME



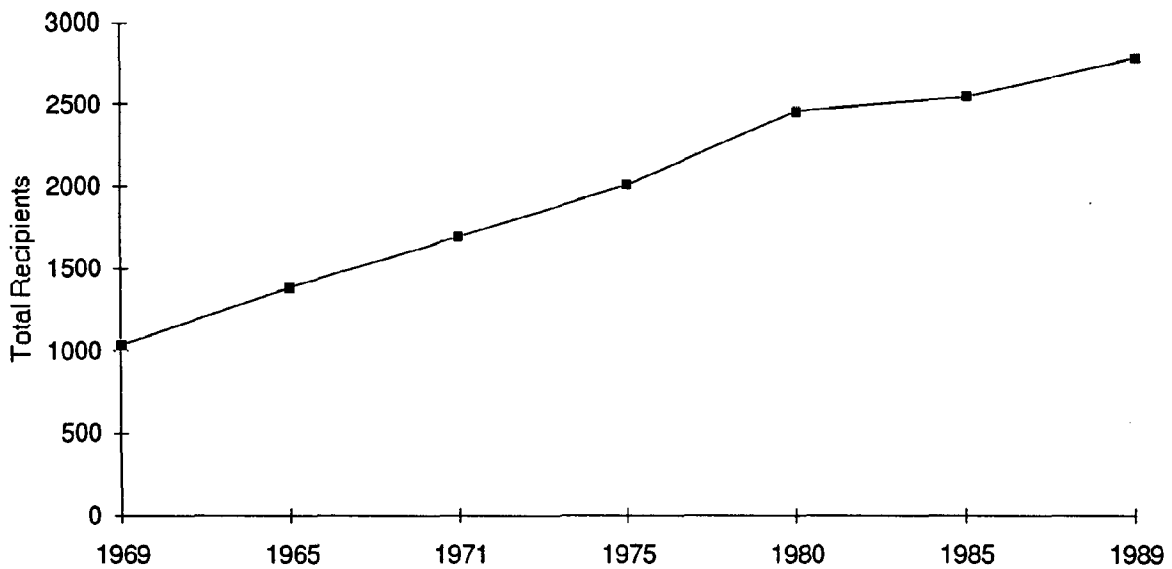
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis

Table 1-5
PER CAPITA PERSONAL INCOME

	Michigan	Leelanau	Benzie	Grand Traverse
1959	\$2,269	\$1,604	\$1,839	\$1,834
1968	\$3,681	\$3,131	\$2,664	\$2,816
1978	\$8,738	\$8,369	\$6,825	\$8,066
1989	\$17,535	\$16,732	\$13,236	\$15,514

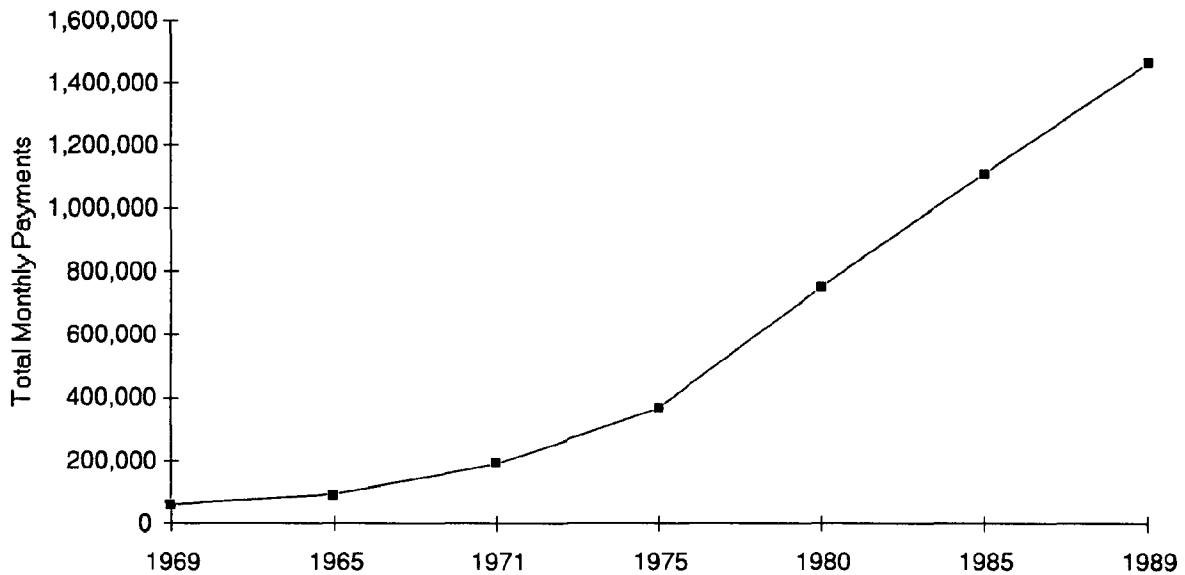
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis

Figure 1-3
TOTAL INDIVIDUALS RECEIVING SOCIAL SECURITY



Source: Social Security Administration

Figure 1-4
LEELANAU COUNTY - TOTAL MONTHLY PAYMENTS TO SOCIAL SECURITY RECIPIENTS

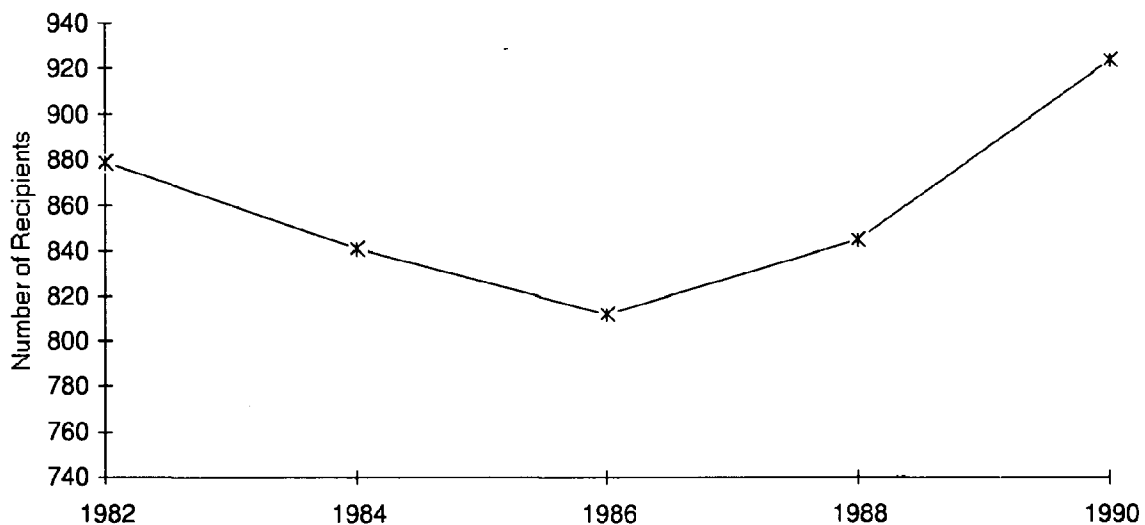


Source: Social Security Administration

Public assistance allocations to Leelanau County recipients amounted to \$1.5 million dollars a month in 1990 (see Figures 1-5 and 1-6). Compared to the state and region, Leelanau County's poverty level is low at 7.9% (see Table 1-6). A lower percentage of the population below poverty levels may

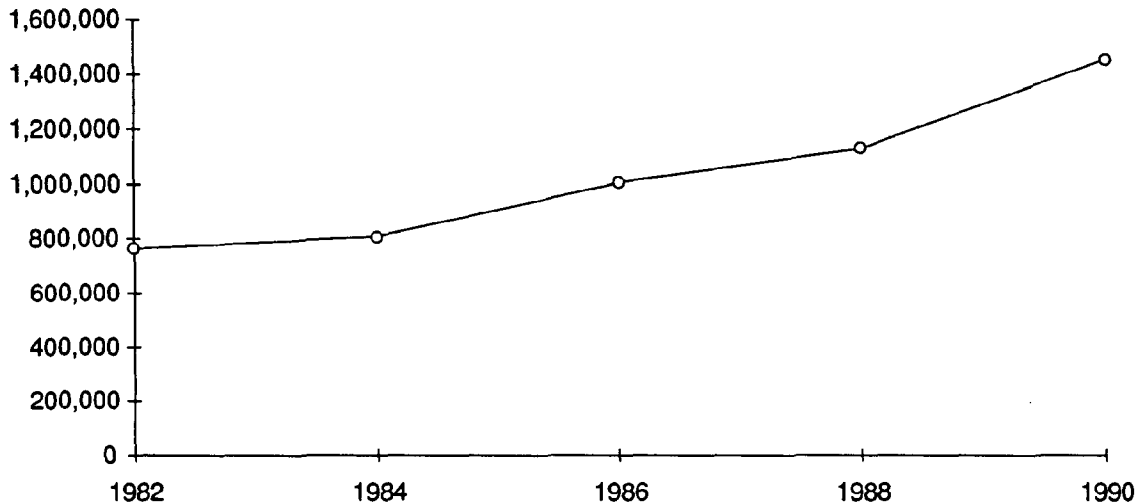
have more to do with the influx of wealth, rather than any real improvement for persons of low income. When 1990 Census data figures become available the numbers of persons in poverty should be evaluated along with the percentage of persons in poverty.

Figure 1-5
MONTHLY AVERAGE NUMBER OF PUBLIC ASSISTANCE
RECIPIENTS IN LEELANAU COUNTY



Source: Michigan Department of Social Services

Figure 1-6
TOTAL ANNUAL PUBLIC ASSISTANCE PAYMENTS TO
RECIPIENTS IN LEELANAU COUNTY



Source: Michigan Department of Social Services

Table 1-6
POVERTY LEVELS

	1979 Persons Below Poverty Level	
	Number	Percent
Antrim	1700	10.50%
Benzie	1400	12.50%
Grand Traverse	4400	8.00%
Leelanau	1100	7.90%
Michigan	946,200	10.20%

*Source: Michigan Rural Development Strategy Data Book,
Michigan Department of Commerce, 1991, pg. 50*

EDUCATION

Leelanau County has a higher incidence of high school graduates in the population (persons 25 years and over) than the State overall. It also has a higher percentage of high school graduates than surrounding counties (see Table 1-7). Over 19% of the population 25 years and over has 4 or more years of college, considerably higher than the

state average and higher than surrounding counties.

In terms of spending per pupil, the Leelanau County average was lower than the State's. General test scores for peninsula pupils are higher than the state average, but close to regional test scores. In the region, Grand Traverse County has the highest scores.

Table 1-7
EDUCATION

	Antrim	Benzie	Grand Traverse	Leelanau	Michigan
Spending Per Pupil SY 1987-88	\$3,407	\$2,915	\$2,910	\$3,572	\$3,642
High School Graduation Rate 1988	83.00%	82.90%	89.80%	100.00%	74.60%
Michigan Education Assessment Program % of 10th Graders in					
Highest Classification-MATH	77.30%	64.30%	82.00%	74.80%	71.20%
Michigan Education Assessment Program % of 10th Graders in					
Highest Classification-READING	30.40%	31.30%	36.10%	31.90%	28.60%
% of Population over 25 with High School Years Degree	68.20%	67.30%	77.10%	76.80%	67.90%
% of Population over 25 with 4 or more Years of College	11.80%	12.20%	19.00%	19.30%	14.20%

SY = School Year

Source: *Michigan Rural Development Strategy Data Book*, Michigan Department of Commerce, 1991, p. 46**OCCUPATIONS**

Occupation statistics focus on what employed persons do rather than who they work for. Analysis of occupations can be significant in that it is more of a reflection of income and/or relative job security. For example, a person employed by the manufacturing sector may actually have a clerical job, which would tend not to pay as well as a line laborer's position.

The 1980 Census reported that 25% of Leelanau County's labor force had technical, sales and administrative support occupations. Another 23% had managerial and professional specialty occupations; 15%, precision production, craft and repair; 15% operators, fabricators and laborers; 8%, farming, forestry and fisheries; 13%, service occupations. Again, 1990 data for comparative purposes is not yet available.

Occupations with the largest anticipated job growth for the 10-county region between 1985 and 1995 are presented in Table 1-8. In terms of *percent change*, the top three occupations are for registered nurses, cashiers, and accountants/auditors. In terms of raw *numbers of jobs*, cashiers, truck drivers and retail sales

people are the top three occupations. The fastest growing occupations are presented in Table 1-9. It is interesting to note that of the *fastest growing* occupations, approximately three-fourths of them require post-secondary or specialized technical training. Additionally, each occupation on *both* tables are service-related.

Table 1-10 presents those occupations with the most employment decline. The majority of these are of a manufacturing nature.

MESC used to gather detailed data on occupations and average starting salaries at the county level. Much of this information was presented in early Northwest Michigan Labor Market Statistic publications, published by the Grand Traverse Data Center. Unfortunately, in the late 1970's that practice was halted due to staffing cuts. Wage and salary information for occupations and industries are currently gathered at the state level by MESC.

Table 1-8
OCCUPATIONS WITH LARGEST JOB GROWTH
NORTHWEST LOWER MICHIGAN SDA
1985-1995

OCCUPATION	EMPLOYMENT CHANGE 1985-95	
	NUMBER	PERCENT
Cashiers	710	40.4
Truck Drivers	700	35.1
Salespersons, Retail	640	25.1
Waiters & Waitresses	590	29.0
Registered Nurses	580	49.0
Janitors & Cleaners Inc. Maids.	470	20.4
Secretaries	390	16.9
Teachers, Elementary	340	35.3
Sales Agents, Real Estate	320	39.0
Nursing Aides & Orderlies	310	24.4
Gardeners & Groundskeepers	280	29.4
General Office Clerks	280	17.8
Food Preparation Workers	270	31.6
Bookkeeping, Acct. & Aud. Clerks	260	17.2
Stock Clerks, Sales Floor	250	24.5
Maint. Repair, Gen. Util.	230	23.3
Accountants & Auditors	220	40.0
Teachers Aides & Educ. Asst.	210	35.8
Licensed Prac. Nurse	180	24.4
Teachers, Secondary	180	16.9

*Source: Michigan Employment Security Commission, Annual Planning Information Report, 1991.
Northwest Lower Michigan SDA, pg. 35.*

Table 1-9
FASTEST GROWING OCCUPATIONS
NORTHWEST LOWER MICHIGAN SDA
1985-1995

OCCUPATION	EMPLOYMENT CHANGE 1985-95	
	NUMBER	PERCENT
Securities & Fin. Serv. Sales	80	114.1
Insurance Adj., Exam. & Inv.	10	83.0
Aircraft Pilots & Flt. Engrs.	0	73.7
Airc. Mech. & Eng. Spec.	0	71.7
Claims Exam. Prop. & Cas. Inx.	10	70.6
Medical Assistance	90	64.1
Computer Systems Analysts, EDP	70	56.8
Underwriters	20	56.6
Medical Records Tech. & Techn.	30	56.4
Insurance Claims Clerks	10	56.1
Teachers, Preschool & Kindg.	120	53.8
Travel Agents	30	53.7
Paralegal Personnel	10	52.7
Electri. & Electro. Tech.	40	51.1
Ins. Policy Processing Clerk	50	50.0
Registered Nurse	580	49.0
Computer Programmers	60	48.9
Prod., Direct., Actor & Other	10	48.8
Opticians, Disp. & Meas.	20	47.9
Dental Hygienist	0	45.9
Dental Assistants	0	45.9

*Source: Michigan Employment Security Commission., Annual Planning Information Report, 1991.
Northwest Lower Michigan SDA, pg. 37.*

Table 1-10
OCCUPATIONS WITH MOST EMPLOYMENT DECLINE
NORTHWEST LOWER MICHIGAN SDA
1985-1995

OCCUPATION	PERCENT OF EMPLOYMENT DECLINE 1985-95
Station Installer & Repairers	43.9
Stenographers	31.7
Comm. Equip. Mech., Inst. Rep.	30.4
Forging Mach. Setter & Oper.	29.1
Electrical Powerline Installers	28.2
Sewing Machine Operators, Garment	21.9
Extract & Draw Mach. Setter Oper.	21.1
Foundry Mold & Core Makers	19.4
Punch Machine Setter & Oper.	16.7
Press Machine Setter & Oper.	15.7
Derrick Oper., Oil/Gas	15.4
Roustabouts	15.2
Rotary Drill Oper., Oil/Gas	13.6
Foundry Mold Assb. & Shakeout Oper.	12.9
Machine Forming Oper. & Tender	12.6
Furn., Kiln & Kettle Oper.	11.8
Ambulance Driver & Attd.	11.4
Air Hammer Operator	10.2
Service Unit Operator	10.1
Machine Tool Cut., Oper. & Tend	10.0

*Source: Michigan Employment Security Commission., Annual Planning Information Report, 1991.
Northwest Lower Michigan SDA, pg. 37.*

LABOR FORCE MOBILITY

A significant component of Leelanau County's labor force commutes outside their area of residence for employment. Many workers travel to employers in the Grand Traverse metro area. Census data in 1980 reflected that approximately 50% of Leelanau County's residents went outside their area of residence for employment. These commuters may traverse the County or leave it entirely; regardless, there is notable movement in the County's labor force. When data from the 1990 Census is released, it is anticipated that the percentage of persons leaving their place of residence for employment will have risen since 1980.

In a 1990 County survey of residents, a question was presented on place of work; 32% of the respondents replied that they reported to work in Leelanau County, 11% in Grand Traverse County; 11% were retired; 4% were not employed, 13% worked in other counties (as far away as Wayne, Ingham and Kalamazoo, which may suggest that the Leelanau County residence is actually a second home), and 28% did not reply to this question. Note that this survey includes respondents not in the work force. In Census data, only those employed are tabulated in "place of work" questions. Also, a nonresponse rate of 28% leaves out a significant number of survey respondents. Additionally, the percentage in 1990 survey include

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retired and unemployed persons and, thus, do not represent responses only from employed persons.

Significant impacts will likely result if this trend continues. Labor force mobility has ramifications on transportation systems, especially in light of the County's restricted system—restricted in terms of geography, natural features (e.g., surface water) and condition of the roadways. Impacts on local roads systems are compounded during peak tourist season and harvest time, when the County imports a sizable amount of seasonal labor. Congestion on the road network will increase travel time for residents, tourists and commuting workers alike.

SUMMARY

There are several key observations about Leelanau County's population that can be made from this analysis, including:

- Leelanau County's population has a higher per-capita income than surrounding communities, yet its workers tend to earn less than workers in comparable industries. This potential disparity may be due to the significant importation of pension dollars into the economy.
- Leelanau County businesses should work to capture more of the imported income of the County.
- County residents, on the average have higher educational attainment than surrounding communities and the state. This figure may also be skewed by the influx of wealthier retirees who would tend to be better educated.
- Income from workers in service, retail and construction sectors account for the majority of income from all industries.
- Average earnings by industry for workers in the County is less than the state in all categories. Except for the construction sector, workers in Grand Traverse County earn more than their counterparts in Leelanau County. Leelanau manufacturing and finance, insurance and real estate workers on the average earn less than their counterparts in Grand Traverse, and Benzie and Antrim Counties, this is not the case for other sectors where Benzie and Antrim County workers tend to earn less than Leelanau County workers.
- Growth occupations are going to be in the service sector.
- County population is increasingly commuter oriented and parts of the County are becoming "bedroom communities" to Traverse City.

Chapter 2

LABOR FORCE & UNEMPLOYMENT

INTRODUCTION

This chapter describes the labor force of Leelanau County according to data obtained from the Michigan Employment Security Commission and U.S. Census Bureau.

As explained in the Data Research Center's 1980 **Labor Market Characteristics** report, the labor force is composed of:

- 1) people actively seeking work during the four weeks prior to an unemployment survey,
- 2) people unable to seek work because of illness or waiting to start work within 30 days,
- 3) people out of work because of labor-management disputes, and,
- 4) people who are working.

LABOR FORCE

Between 1960 and 1990, Leelanau County's labor force (those 16 years or over and able to work) increased 151%. In 1960, there were 3,319 persons in the labor force and, by 1990, the labor force was estimated to be 8,350 (see Figure 2-1 and Table 2-1). Comparatively, the population increased 77% in this time frame.

As with the state and nation, female participation levels in the labor force have significantly increased over time. In 1960, 28.3% of the labor force was women; by 1970, the percentage increased to nearly 36%, and, by 1980, it was 41%. Labor force participation figures for women at the state level were close to Leelanau County figures at 30.3% and 35.9%; 52%, respectively. Data figures for these variables are not yet available from the 1990 Census.

In the last ten years, Leelanau County's average annual labor force has ranged from a low of 7,650 in 1985 to a high of 8,350 in both 1983 and 1990. Overall, even considering fluctuations, the County has experienced

about an 8.5% increase in its labor force over the ten year period (See Figure 2-2 and Table 2-2). For this time frame, the population increased by 18%. The Michigan Employment Security Commission projected an additional 7.8% increase in Leelanau's labor force between 1990 and the end of 1992—to approximately 9,000. For comparative purposes, Grand Traverse County had an estimated 1990 labor force of 36,700; up 15.8% since 1985, and it was expected to experience an additional 7.8% increase by the end of 1992. Actual employment data currently available through 1991, shows Leelanau County's labor force remained at 8,300.

Between 1960 and 1990, Leelanau County's labor force (those 16 years or over and able to work) increased 151%.

According to a 1978 survey by the Northwest Region Data Center, 30.1% of all households in Leelanau County had two working adults. This was lower than the 10-county regional average of 37.5%. The range was from 25.3% in Benzie and Kalkaska Counties to 47.3% in Charlevoix County. (The 10-county region consists of Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, and Wexford counties).

20% of all working adults in Leelanau carried two jobs; this was much higher than the 10-county average of 13.4%.

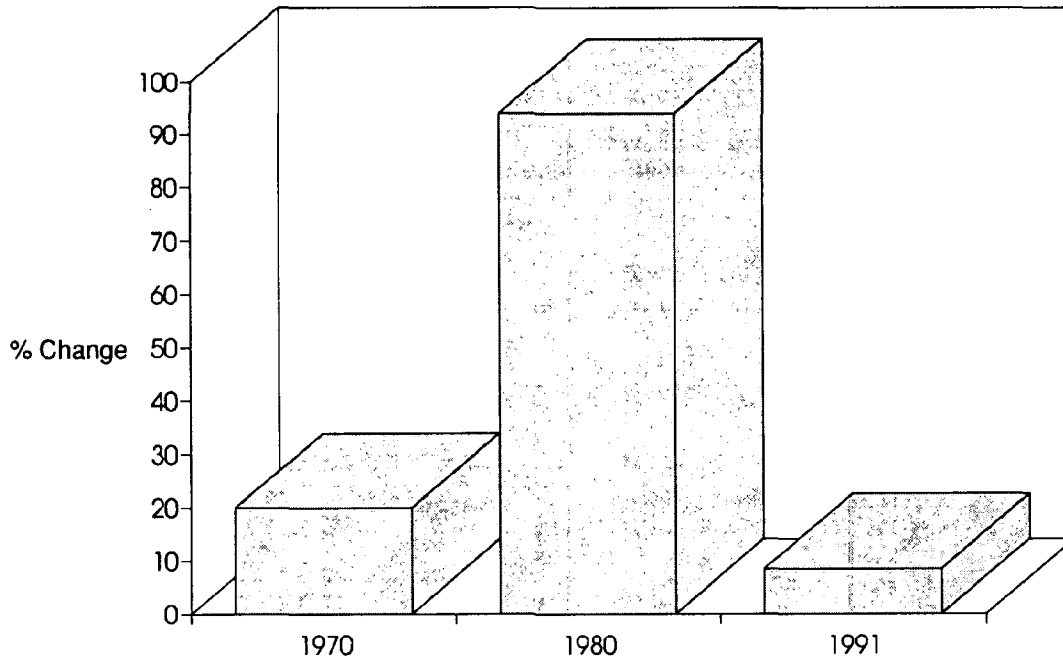
At that same time, 20% of all working adults in Leelanau carried two jobs; this was much higher than the 10-county average of 13.4%. Charlevoix County had the lowest percentage of employed adults working two

jobs with 7.4 %, and Missaukee had the highest with 20.6%.

The incidence of one worker with two jobs in the county is higher than the incidence of two-income households. This may indicate a

higher average number of single persons who work multiple seasonal or part-time jobs to make ends meet. Unfortunately, more recent data is not available.

**Figure 2-1
LEELANAU COUNTY LABOR FORCE
PERCENTAGE CHANGE**



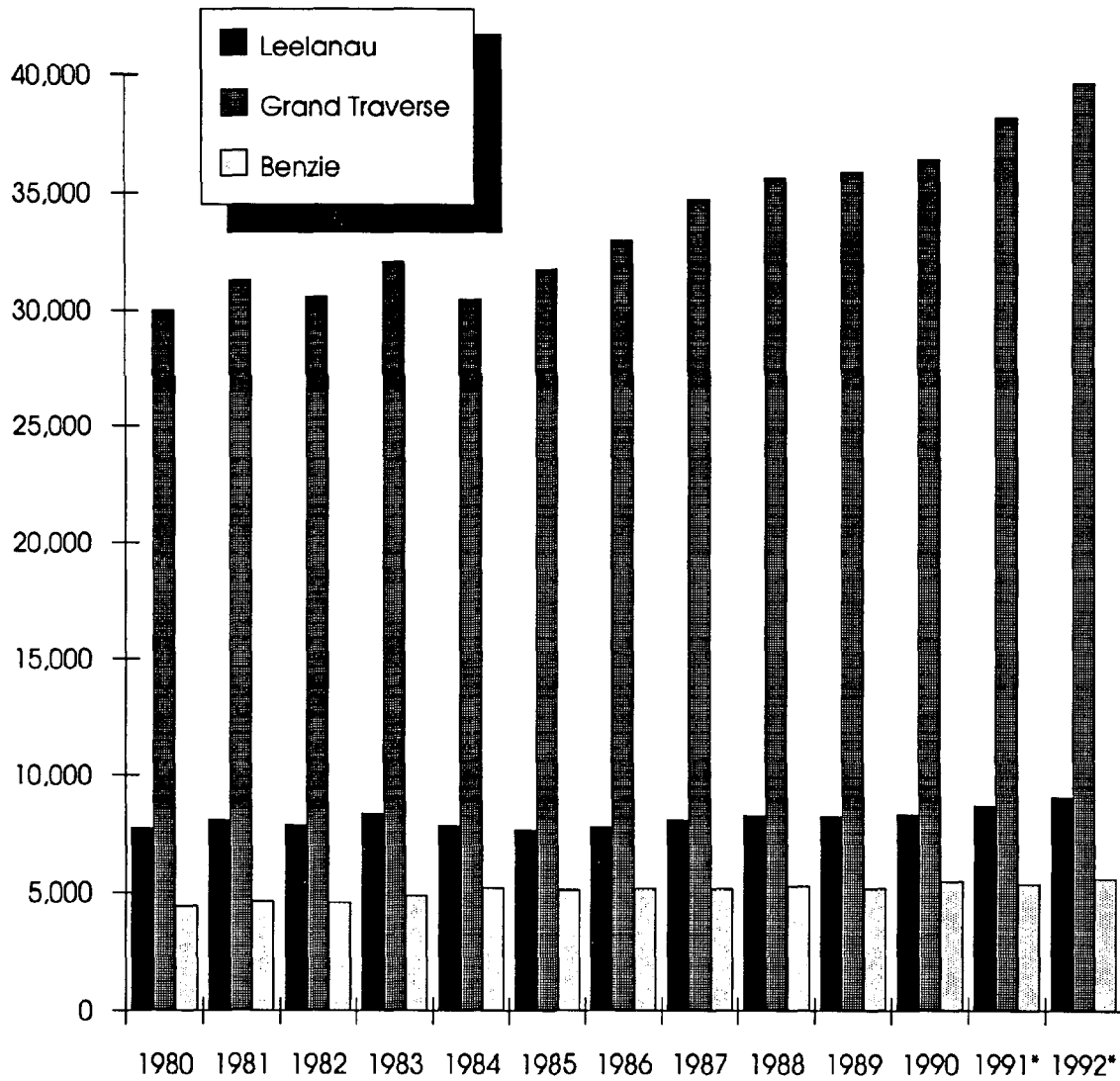
Source: Northwestern Michigan Data Research Center and Michigan and Michigan Employment Security Commission

**Table 2-1
LEELANAU COUNTY LABOR FORCE**

	Labor Force	% Change
1960	3,319	-
1970	3,979	19.89
1980	7,725	94.14
1991	8,300	8.5

Source: Northwestern Michigan Data Research Center and Michigan Employment Security Commission

Figure 2-2
LABOR FORCE



Source: Michigan Employment Security Commission

Table 2-2
ANNUAL LABOR FORCE 1980-1990

	Leelanau	Grand Traverse	Benzie
1980	7,725	30,000	4,425
1981	8,050	31,275	4,625
1982	7,850	30,550	4,575
1983	8,350	32,050	4,875
1984	7,825	30,450	5,175
1985	7,650	31,700	5,100
1986	7,775	32,950	5,150
1987	8,050	34,650	5,150
1988	8,250	35,600	5,250
1989	8,200	35,850	5,175
1990	8,300	36,350	5,425
1991*	8,675	38,100	5,350
1992*	9,000	39,575	5,575

* projections

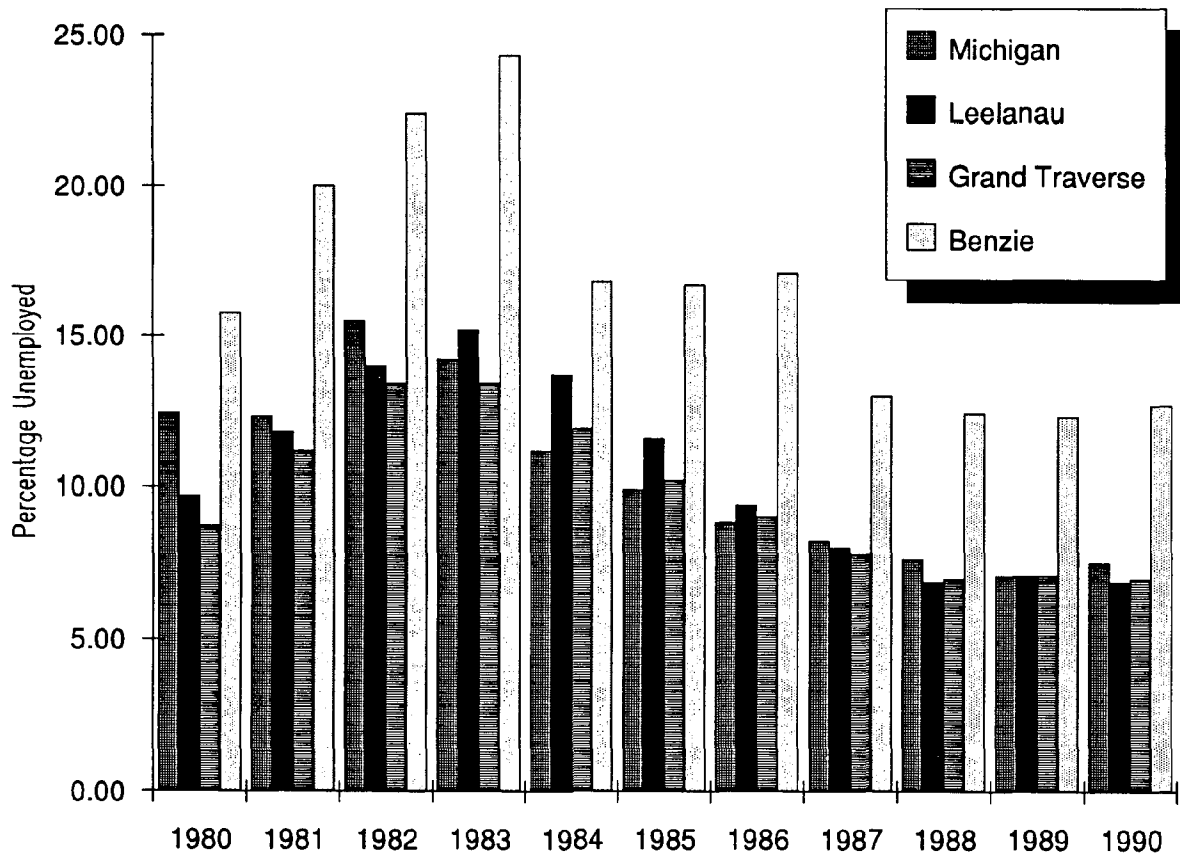
Source: Michigan Employment Security Commission

UNEMPLOYMENT

The official unemployment rate of the labor force (as characterized in the introduction) is: 1) people actively seeking work during the four weeks prior to an unemployment survey and 2) people unable to seek work because of illness or waiting to start work within 30 days is a percentage ratio of the number of unemployed people to the total labor force. Therefore, it should be noted that the estimate of the civilian labor force and unem-

ployed in the area is probably low. Many seeking employment for the first time do not register with MESC (Michigan Employment Security Commission). It should be further noted that because the MESC definition of unemployed does not include "*discouraged worker*"—that is, unemployed persons no longer actively seeking work—the unemployment rate is not a true reflection of the amount of actual unemployment in the population.

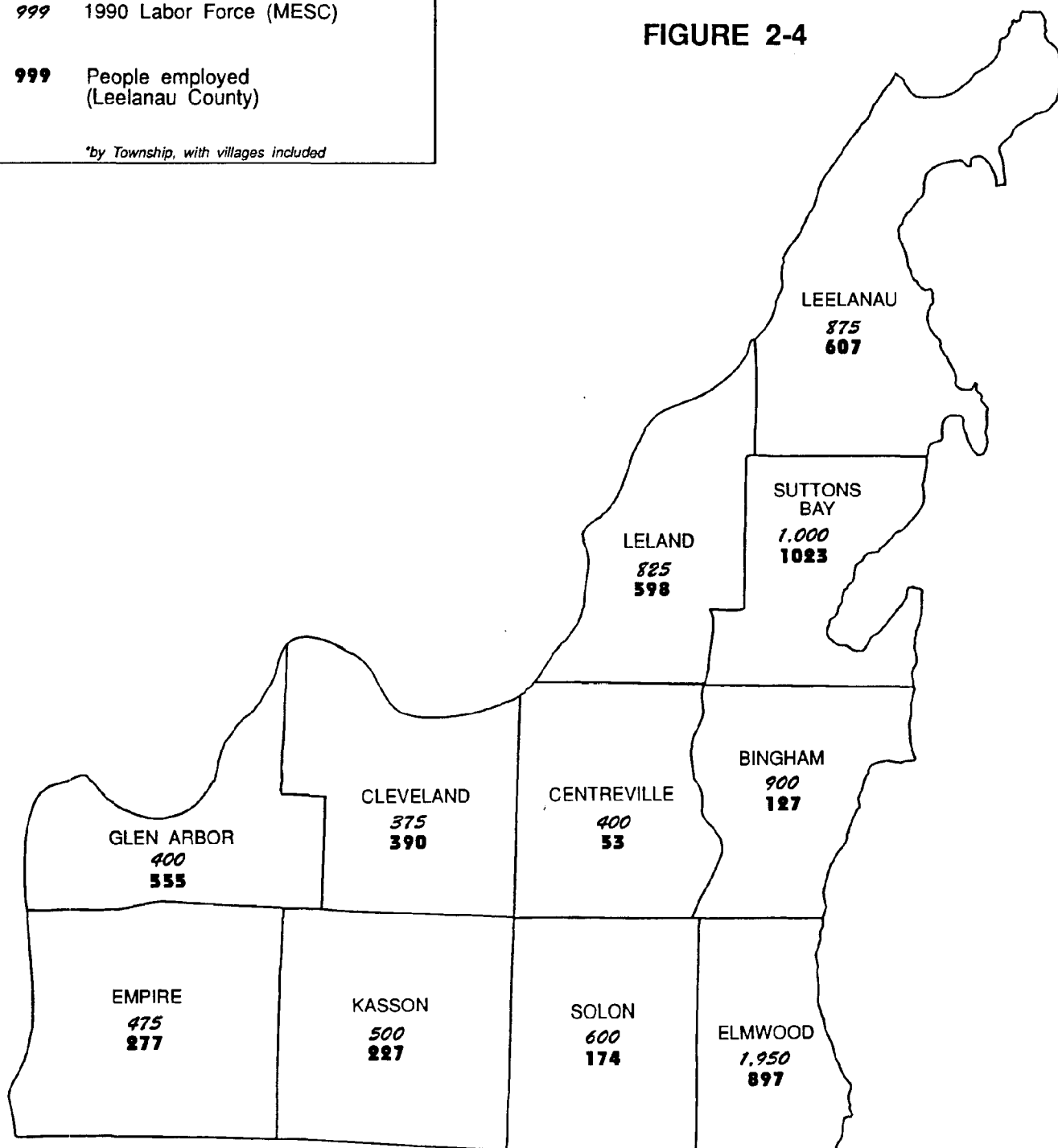
Figure 2-3
UNEMPLOYMENT RATES



Source: Michigan Employment Security Commission

Labor Force and Employment*	
999	1990 Labor Force (MESC)
999	People employed (Leelanau County)
*by Township, with villages included	

FIGURE 2-4



**Table 2-3
UNEMPLOYMENT RATES**

	Michigan	Leelanau	Grand Traverse	Benzie
1980	12.40	9.70	8.70	15.80
1981	12.30	11.80	11.20	20.00
1982	15.50	14.00	13.40	22.40
1983	14.20	15.20	13.40	24.30
1984	11.20	13.70	11.90	16.80
1985	9.90	11.60	10.20	16.70
1986	8.80	9.40	9.00	17.10
1987	8.20	8.00	7.80	13.00
1988	7.60	6.90	7.00	12.40
1989	7.10	7.10	7.10	12.30
1990	7.50	6.90	7.00	12.70

Source: Michigan Employment Security Commission

During the recession of the early 1980's, Leelanau County's reported unemployment rates (per MESCC) were higher than state averages. This was also the case for Benzie and Grand Traverse Counties. Benzie County, however, tended to have much higher rates than the state, and Grand Traverse County tended to have slightly higher rates than the state, faring better than Leelanau County in that time. Since 1987, Leelanau County has reported unemployment rates lower or equal to the state rates. This is also true of Grand Traverse, but not Benzie County (see Figure 2-3 and Table 2-3).

Figure 2-4 presents, by local jurisdiction, the number of people employed in the jurisdiction and the number of people in the labor force. Note that in some areas there are many more people in the labor force than employed in the jurisdiction. This reinforces the fact that the Leelanau County labor force is a commuting labor force.

Derived unemployment rates (calculated by MESCC) for local units of government in 1990 ranged from a high of 14.9% in Centerville Township, to a low of 3.6% in Leland Township. (See Table 2-4). Since 1980, annual unemployment figures for local units of government have been based on employ-

ment ratios in the 1980 Census (i.e., actual counts of unemployment for local units are not made). It will be interesting to see how employment/unemployment shifts will have changed in the County's local units of government when detailed 1990 Census data is available.

Note: Employment statistics presented in this chapter are tabulated by worker's home address.

MAJOR EMPLOYERS IN THE COUNTY

The County's largest employers are presented in Table 2-5. Large employers are dispersed throughout the County and primarily centered in Leland, Northport and Elmwood Township. Employment estimates are provided by the employer and include seasonal averages. As previously noted, between the casino and administrative offices, the Grand Traverse Band of Ottawa and Chippewa Indians is the single largest employer in the County. In terms of the nature of the business of other large employers, they are manufacturing and service oriented. Service establishments include resort business, the hospital and school systems. Figure 2-5 shows the traffic analysis zones in the country.

Table 2-4
LOCAL EMPLOYMENT FIGURES
(proportionally derived by MESC; based on 1980 census data)

Bingham Twp	1984	1985	1986	1987	1988	1989	1990
Labor Force	800	800	825	850	850	875	900
Unemployment Rate	7.0	5.9	4.7	4.0	3.5	3.4	3.4%
Centerville Twp							
Labor Force	400	375	375	375	375	400	400
Unemployment Rate	27.1	23.6	19.6	16.9	14.9	15.2	14.9
Cleveland Twp							
Labor Force	350	350	350	350	350	375	375
Unemployment Rate	16.1	13.7	11.2	9.5	8.5	8.5	8.2
Elmwood Twp							
Labor Force	1825	1800	1825	1900	1900	1950	1950
Unemployment Rate	10.9	9.2	7.4	6.3	5.5	5.6	5.4
Empire Twp							
Labor Force	425	425	425	450	450	450	475
Unemployment Rate	10.7	9.2	7.4	6.3	5.4	5.4	5.4
Glen Arbor Twp							
Labor Force	375	375	375	375	375	375	400
Employment Rate	17.1	14.6	11.7	10.0	8.8	9.0	8.7
Kasson Twp							
Labor Force	500	475	475	500	500	500	500
Employment Rate	19.7	16.8	13.9	11.9	10.4	10.5	10.2
Leelanau Twp							
Labor Force	800	800	825	850	850	875	875
Unemployment Rate	7.4	6.3	5.0	4.2	3.7	3.8	3.6
Leland Twp							
Labor Force	800	775	775	800	800	825	825
Unemployment Rate	15.9	13.5	11.0	9.4	8.3	8.4	8.1
Solon Twp							
Labor Force	575	575	575	600	575	600	600
Unemployment Rate	16.8	14.3	11.7	10.0	8.7	8.8	8.6
Suttons Bay Twp							
Labor Force	975	950	950	975	975	1000	1000
Unemployment Rate	16.6	11.2	11.5	9.8	8.7	8.7	8.6

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**Table 2-5
MAJOR COUNTY EMPLOYEES
LEELANAU COUNTY**

NAME	CITY	TOTAL EMPLOYMENT*	CLASSIFICATION**	TAZ***
Sugar Loaf	Cedar	325	Hotel	79
Leelanau Sands Casino	Suttons Bay	310	Recreation	23
Homestead, The	Glen Arbor	280	Hotel	104
Leelanau Memorial Hospital	Northport	140	Hospital	33
Grand Traverse Band Tribe Administration	Suttons Bay	110	Public Administration	23
Grand Traverse County	Traverse City	87	Public Administration	2
Sleeping Bear Dunes	Empire	81	Recreation	91
Sweitzer's By The Bayre	Traverse City	75	Eating Place	1
Leelanau County	Leland	75	Public Administration	63
Glen Lake Community School Dst	Maple City	75	School	71
Sprague Prutsman Inc	Suttons Bay	52	Auto Parts	17
Northport Public School	Northport	52	School	33
Leland Public School	Leland	50	School	63
Suttons Bay Elementary School	Suttons Bay	45	School	18
Leelanau Center For Education	Glen Arbor	40	School	104
Suttons Bay Jr Sr High School	Suttons Bay	37	School	18
Leelanau Industries Inc	Traverse City	35	Foundary	41
E & J Supply Inc	Traverse City	35	Hardware	2
Windowsmer Beach Resort	Traverse City	35	Eating Place	4
Suttons Bay Public School Dist	Suttons Bay	32	School	18
Leeland Lodge Inc.	Leland	30	Hotel	63
Leland Township Public Library	Leland	30	Library	63

* Employment Total = (estimates provided by employers, seasonal averages included)

** Based on standard industrial classification

*** Traffic Analysis Zone – a geographically defined unit created for localized traffic, population & employment analysis.

SUMMARY

A comparison of labor force data from 1960 to 1990 shows that:

- The labor force in Leelanau County has increased 151% over the 30 year period (while population increased 77%), and 8.5% over 10 years to 8,350 (while population increased 18%).
- Women in the labor force increased from 28.3% to 41%.
- Two income household were 30.1% and adults with two jobs was 20%

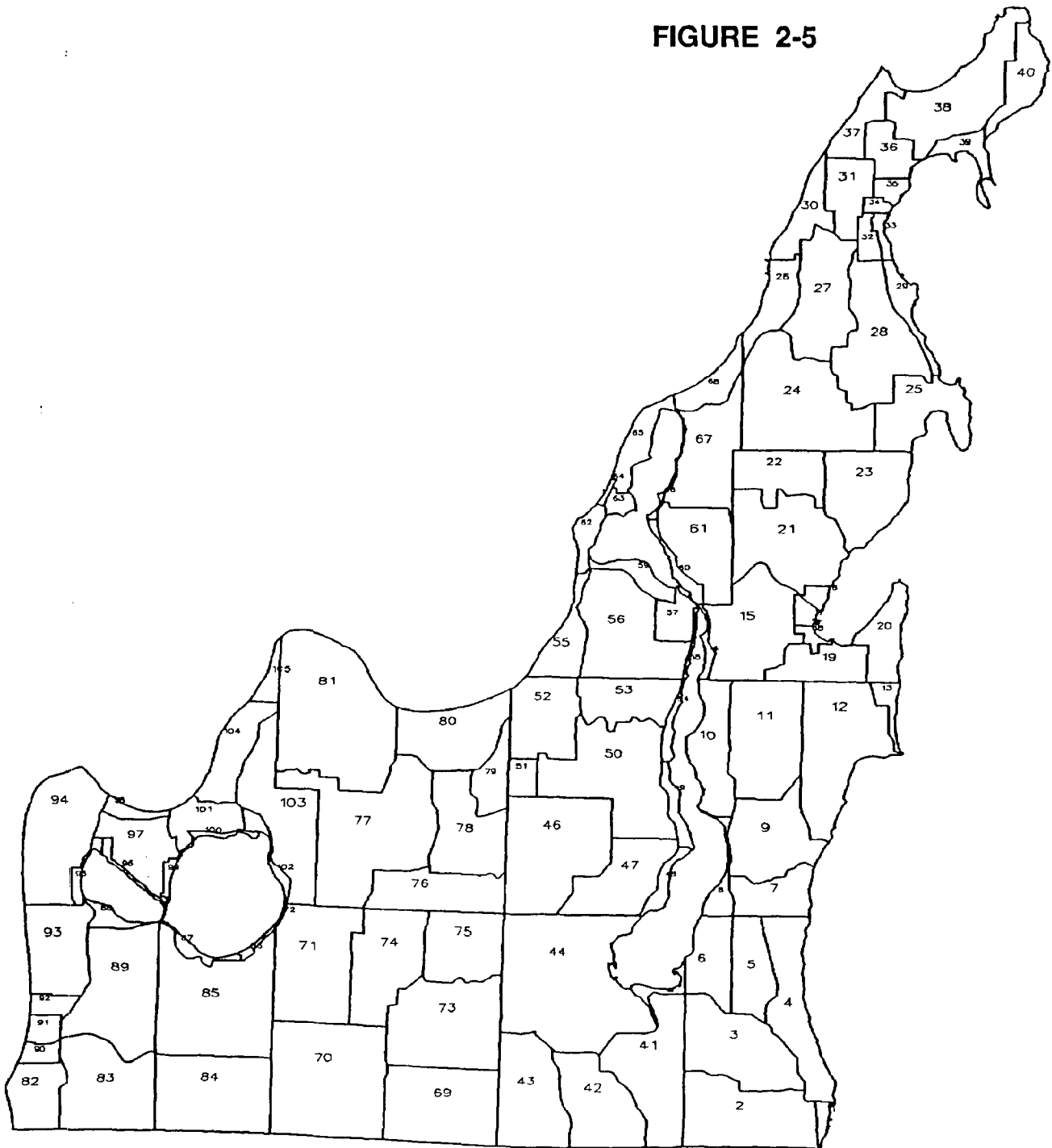
probably indicates a higher than average number of single persons who work multiple or seasonal jobs to provide sufficient income.

- Unemployment rates have declined from a high in 1980 of 15.2% to the current 10 year low of 6.9%.
- Much of the labor force commutes out of the County.

A more precise view of the current labor force will be available when 1990 census data is released in the summer of 1992.

Traffic Zones

FIGURE 2-5



Chapter 3

EMPLOYMENT BY SECTOR

INTRODUCTION

This Chapter describes employment in Leelanau County by sector. The sectors are agriculture; retail; manufacturing; construction; transportation; communication and utilities; wholesale trade; finance, insurance and real estate; and public administration. The data was provided by the U.S. Department of Commerce, Bureau of Economic Analysis, the Michigan Employment Security Commission, Michigan State University Center for the Revitalization of Industrial States (CRIS), the U.S. Census Bureau and the Leelanau County Planning Department.

Some of this data is gathered by place of work. Such statistics reflect employment levels of employers at specific locations within the County. It includes those persons who live in another county but commute to Leelanau for employment and does not include that portion of Leelanau's work force that commutes outside the county for employment. In contrast, labor force data is gathered by household and addresses those people who live in the County who are in the work force, whether or not they work in the County.

EMPLOYMENT BY SECTOR

According to the 1940 Decennial Census, the agricultural sector provided 41% of all jobs for Leelanau County residents. By the 1980 Census, agriculture only accounted for 8.6% of all jobs. Service, retail and manufacturing sectors became the top three employment industries, accounting for 53%, 20.5% and 19.8% of all employment—respectively. Decennial Census data is gathered at the household level. Data from the 1990 Census is not yet available.

In 1989 the Bureau of Economic Analysis (BEA—data gathered at the household level) also reported retail and service sectors as major employers in the County. Manufacturing has remained relatively stable in terms of the number of jobs provided, but it continues to be a minor employer overall. This indicates that those employed by the manufacturing industry as of the 1980 Census were commuting outside the County for employment. Between 1972 and 1989 the greatest net increase in employment for Leelanau County were in service and retail sectors. The number of jobs in the service sector increased from 871 in 1972; to 1,783 in 1989 (up 105%). The number of jobs in retail trade went from 464 to 1,086; an increase of 134%. Jobs in construction and finance, insurance and real estate have also increased 55% and 109%, respectively. See Figures 3-1 and 3-2, and Table 3-1 for employment figures for other industrial sectors.

A recent comprehensive survey of County employers (using data from the County Chamber of Commerce, Dunn's and supplemented by data from the County Planning Department) reflects the total number of jobs provided in Leelanau at 4,928 (1989 BEA figures counted 5,471 persons employed). Variability may be due to seasonal adjustments made (especially in agricultural employment) by BEA that were not made by other sources. As with BEA statistics, the retail and service sectors account for the majority of employment in the County (see Table 3-2). Both sectors account for 66% of all jobs. Service jobs on the Peninsula primarily include jobs in health care, human services, lodging, repair businesses, boating services, consulting, schools, and business associations.

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**Table 3-1
EMPLOYMENT BY SECTOR FOR LEELANAU COUNTY
BETWEEN 1972 AND 1989**

	Transportation & Public Utilities	Federal Govt. Emp.	Agriculture, Forestry & Fisheries	Farm Proprietor Emp.
1972	41	49	77	510
1976	46	62	118	499
1980	48	54	110	475
1984	70	53	62	496
1989	57	36	79	613
	State & Local Govt. Emp.	Services	Finance Insurance & Real Estate	Construction
1972	556	871	214	346
1976	467	876	165	344
1980	414	1134	246	320
1984	437	1121	265	281
1989	527	1783	448	535
	Retail Trade	Wholesale Trade	Manufacturing	
1972	464	76	208	
1976	585	59	202	
1980	644	65	146	
1984	741	57	168	
1989	1086	106	198	

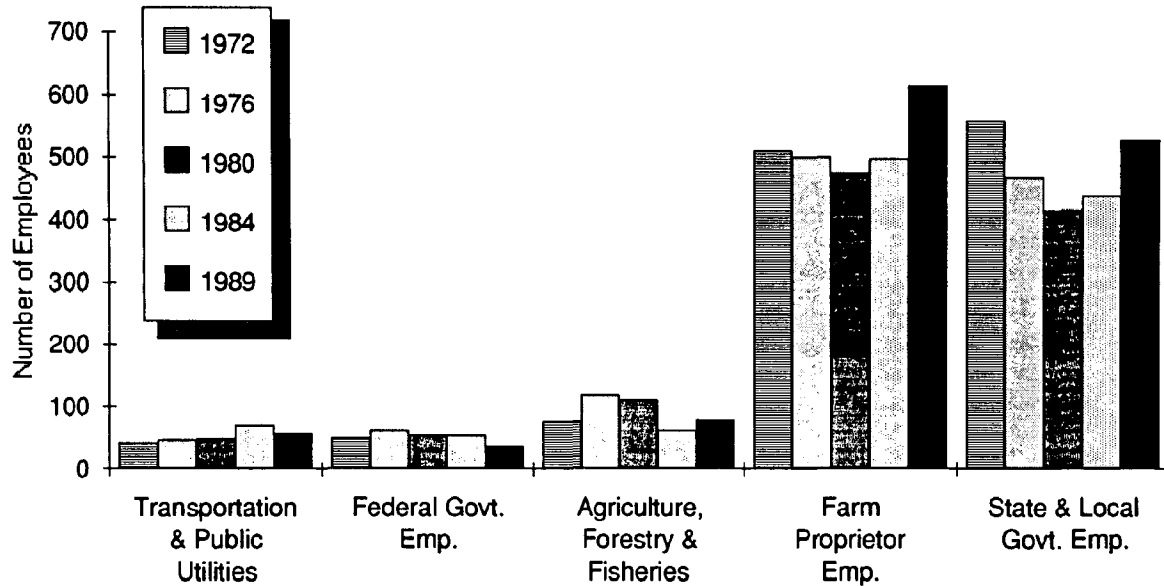
*Source: Michigan State University: Center for the Revitalization of Industrial States (CRIS),
U.S. Department of Commerce, Bureau of Economic Analysis*

**Table 3-2
LOCALLY RECORDED EMPLOYMENT BY SECTOR
LEELANAU COUNTY**

Sector	Number of Employees	Percentage of Total Employment
Agriculture	150	3%
Mining	23	0.5%
Construction	383	7.8%
Manufacturing	378	7.7%
Transportation, Communications and Utilities	87	1.8%
Wholesale Trade	116	2.4%
Retail Trade	953	19.3%
Finance, Insurance & Real Estate	234	4.8%
Services	2,357	47.8%
Public Administration	247	5%
Total	4,928	100.1%

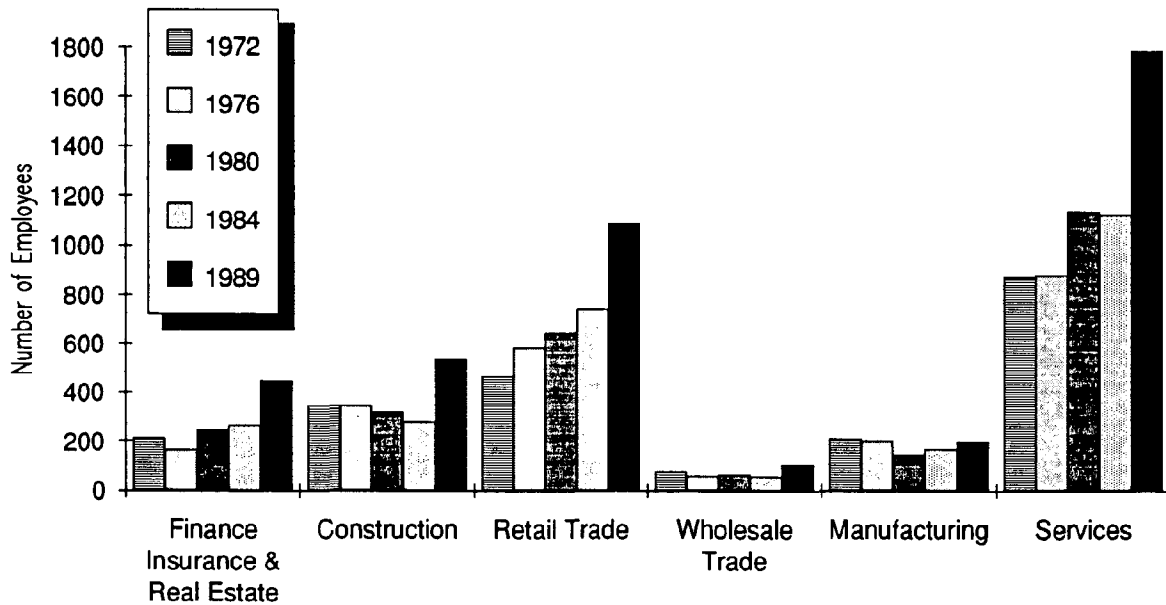
Source: Leelanau County Planning Department

Figure 3-1
EMPLOYMENT BY SECTOR FOR LEELANAU COUNTY
BETWEEN 1972 AND 1989



Source: Michigan State University: Center for the Revitalization of Industrial States (CRIS),
U.S. Department of Commerce, Bureau of Economic Analysis

Figure 3-2
EMPLOYMENT BY SECTOR FOR LEELANAU COUNTY
BETWEEN 1972 AND 1989



Source: Michigan State University: Center for the Revitalization of Industrial States (CRIS),
U.S. Department of Commerce, Bureau of Economic Analysis

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The Michigan Employment Security Commission keeps data on employment by industry for the Leelanau/Grand Traverse labor market area (LMA). Table 3-3 presents data for various industries in the LMA for 1984, 1986, 1988 and 1990 (prior to 1984, Kalkaska County was included in the labor market area). Note that the industries are divided into goods-producing and service-producing categories. Over 75% of all jobs in the LMA are considered service-producing jobs. Although service-producing jobs are often considered lower income generators, note that governmental, finance and health occupations are categorized as service. A number of jobs provided by these services are among the higher income occupations. Analysis of this table reinforces data provided by BEA, in that service, retail and construction jobs have grown, and manufacturing-related jobs have decreased or flattened out.

MESC aptly sums up what has happened in the regional economy (10-county region vs. 2- county LMA) in the last several years in its 1991 program year report, pg. 23:

"Particularly strong job gains in the retail sector were due to gains in eating and drinking places and food and dairy stores. The largest additions of service jobs in the Northwest Michigan region were at medical, other health facilities, other repair services, and hotels and lodging places. The Traverse City area is a regional center for tourism activity and medical care. Other notable additions have occurred in department stores, with

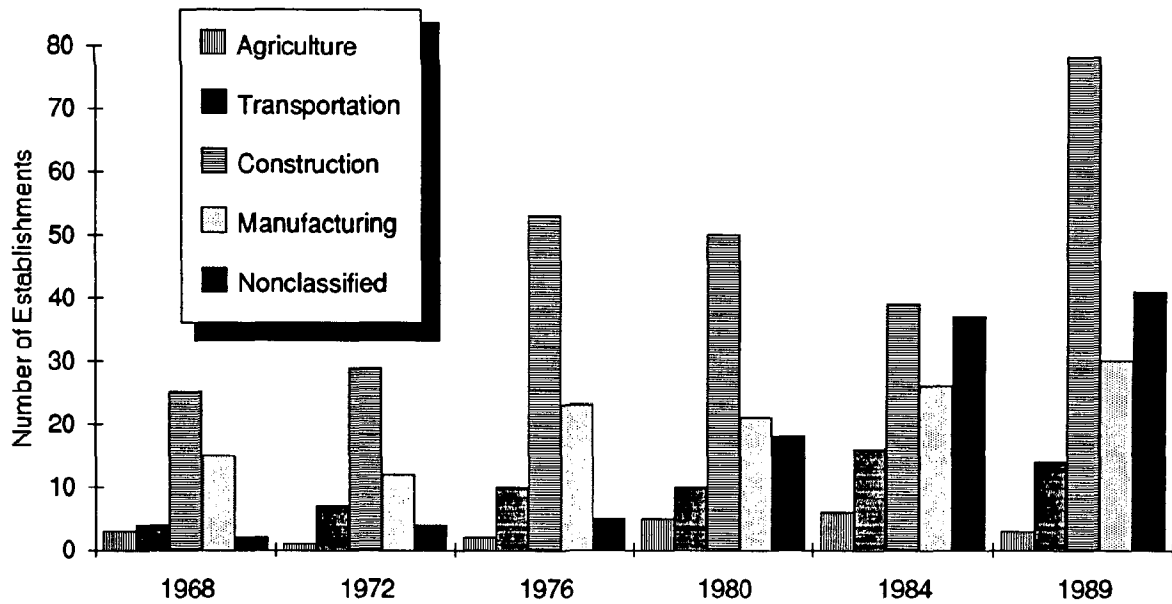
the recent completion of several Walmart and Kmart stores in the SDA (MESC service delivery area).

The construction industry has also displayed strong short-term growth due to the many commercial and residential development projects recently undertaken. Many large projects in the local SDA (Grand Traverse Mall, Three Fires Point, Manufacturers Marketplace, the North Shore Development) have spurred that industry segment. Notable area manufacturing job growth is in the primary metals and non electrical machinery industries.

The many short-term losses in employment for area manufacturing are due to the sluggish national economy. This trend will continue through 1991, with recovery anticipated in 1992...Losses (jobs) incurred in the food industry are principally due to the activities of one firm, the industry as a whole should show gains in the future."

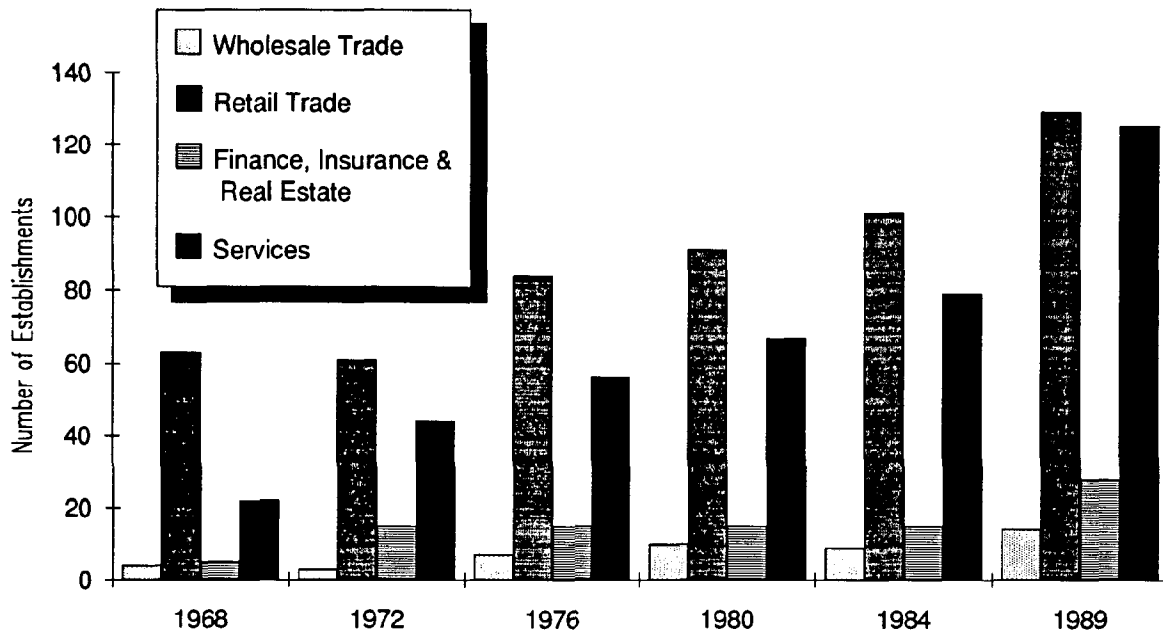
In the 10-county region, MESC projects employment gains for all industries of about 5% overall, including manufacturing (although it is projected to lose employment in the state). For the region in the next few years, growth in service-producing industries is expected to increase at twice the rate of job increases in the manufacturing sector (goods-producing). Service and retail trade industries are anticipated to add the most jobs and increase at the fastest rate in the region.

**Figure 3-3
LEELANAU COUNTY ESTABLISHMENTS BY TRADE**



Source: *County Business Patterns, Bureau of Census 1968, 1972, 1980, 1984 and 1989*

**Figure 3-4
LEELANAU COUNTY ESTABLISHMENTS BY TRADE**



Source: *County Business Patterns, Bureau of Census, 1968, 1972, 1976, 1980, 1984 and 1989.*

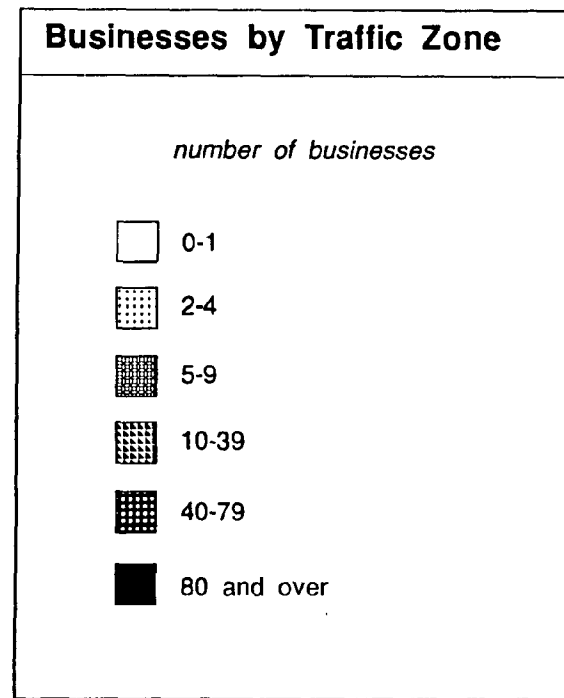


FIGURE 3-5

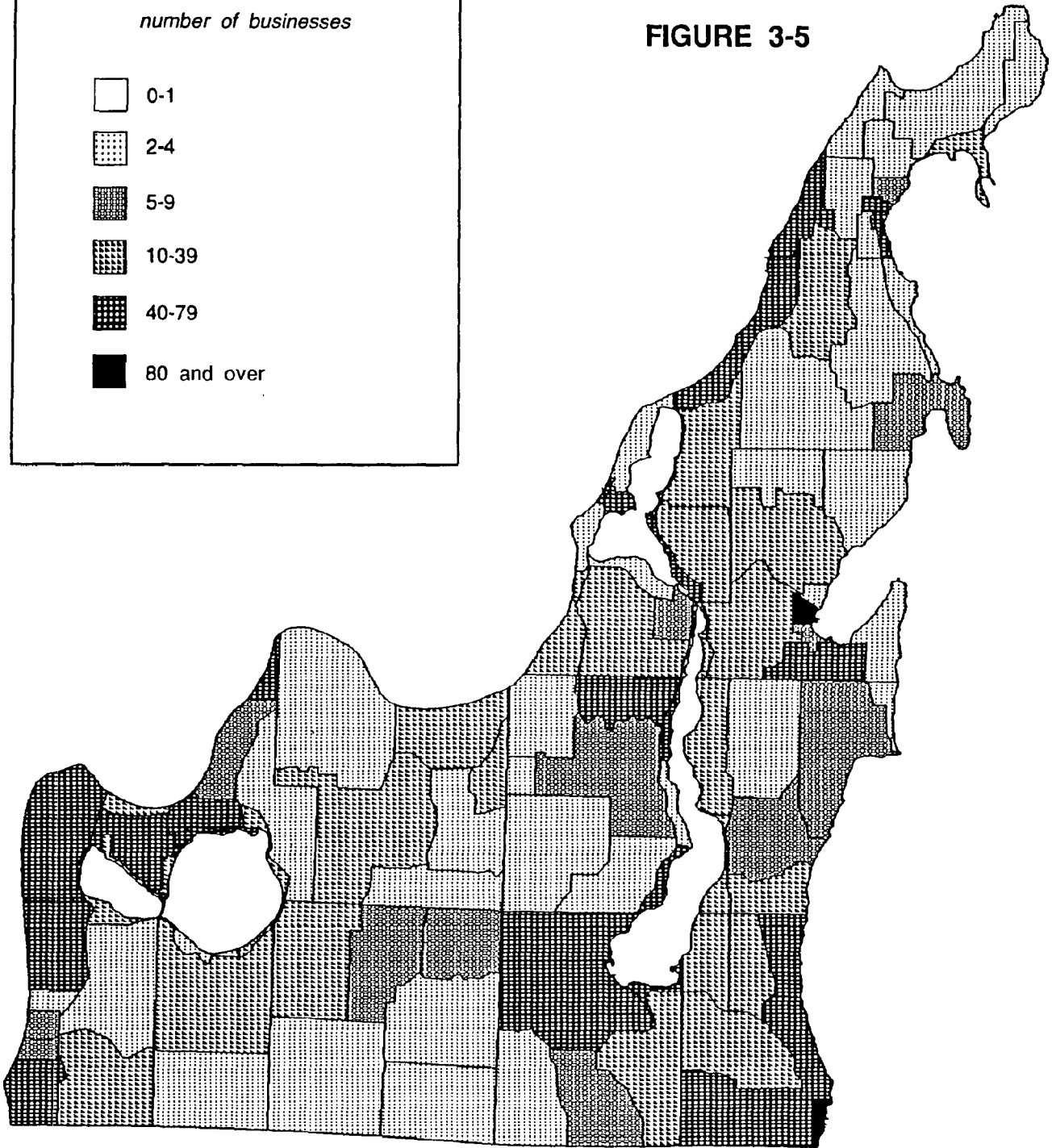


Table 3-3
CIVILIAN LABOR FORCE & EMPLOYMENT ESTIMATES,
GRAND TRAVERSE-LEELANAU LABOR MARKET AREA

	1984	Percent	1986	Percent	1988	Percent	1990	Percent
Wage and Salary Employment*	29450	100.00	33925	100.00	36750	100.00	39425	100.00
Goods Producing Industries	6325	21.48	7850	23.14	8275	22.52	8275	20.99
Construction & Mining	1650	5.60	2325	6.85	2800	7.62	3200	8.12
Mining	475	1.61	575	1.69	625	1.70	525	1.33
Construction	1200	4.07	1775	5.23	2150	5.85	2675	6.79
Manufacturing	4675	15.87	5525	16.29	5500	14.97	5075	12.87
Durable Goods	2650	9.00	3300	9.73	3525	9.59	3325	8.43
Lumber & Wood Products	50	0.17	100	0.29	100	0.27	100	0.25
Furniture & Fixtures	A	-	A	-	50	0.14	75	0.19
Metals	525	1.78	600	1.77	825	2.24	725	1.84
Primary Metals	75	0.25	125	0.37	125	0.34	125	0.32
Fabricated Metals	425	1.44	500	1.47	700	1.90	600	1.52
Nonelectrical Machinery	1000	3.40	1250	3.68	900	2.45	950	2.41
Electrical Machinery	A	-	350	1.03	A	-	A	-
Transportation Equipment	A	-	A	-	425	1.16	350	0.89
Other Durables	1100	3.74	1025	3.02	1200	3.27	1125	2.85
Nondurable Goods	2025	6.88	2200	6.48	1975	5.37	1750	4.44
Food & Kindred Products	1275	4.33	1350	3.98	1225	3.33	925	2.35
Textiles & Apparel	B	-	100	0.29	100	0.27	75	0.19
Paper & Allied Products	B	-	B	-	B	-	B	-
Printing & Publishing	325	1.10	375	1.11	425	1.16	475	1.20
Chemicals & Petroleum	-	-	-	-	-	-	B	-
Other Nondurables	425	1.44	400	1.18	225	0.61	300	0.76
Service Producing Industries	23125	78.52	26075	76.86	28450	77.41	31150	79.01
Trans., Comm., & Utilities	1300	4.41	1450	4.27	1350	3.67	1350	3.42
Wholesale Trade	1325	4.50	1200	3.54	1250	3.40	1375	3.49
Retail Trade	6550	22.24	7875	23.21	8800	23.95	9475	24.03
Finance, Insurance, Real Estate	1250	4.24	1325	3.91	1475	4.01	1750	4.44
Services	7775	26.40	9025	26.60	10000	27.21	11450	29.04
Government	4925	16.72	5175	15.25	5575	15.17	5750	14.58
Federal	375	1.27	375	1.11	450	1.22	550	1.40
State	800	2.72	800	2.36	800	2.18	550	1.40
Local	3750	12.73	3975	11.72	4325	11.77	4650	11.79

Source: Michigan Employment Security Commission - Bureau of Research & Statistics - Field Analysis Unit (313) 876-5427.

*Industry detail may not sum to totals due to rounding (rounding is done to nearest 25 employees). Wage and salary employment reported by employers, by place of work. Total civilian labor force higher because it includes estimates of Agricultural employment, sole proprietorships and family employment. Suppressed data included in: X=Totals, A=Other Durable Goods, B=Other Nondurable Goods, C=Services

NUMBER AND SIZE OF ESTABLISHMENTS

Service and retail establishments and employment therein are increasing faster than other trade sectors. The highest increase in number of establishments by trade in the County between 1968 and 1989 has been, again, in retail trade and services. The number of establishments have increased 105% for retail trade and 468% for the service sector. The number of construction establishments have more than tripled (see Figures 3-3 and 3-4 and Table 3-4).

The number of establishments by trade is taken from **County Business Patterns**, (CBP) an annual publication of the Census Bureau. CBP is gathered on a yearly basis, and statistics are based on administrative records and survey data. CBP does not include small firms with no other paid employees, this should be considered when reviewing Figures 3-3 and 3-4 and Table 3-4.

While CBP offers insight on ratios of types of establishments, it overlooks a large number of one-person firms in the County.

Data recently gathered by the County Planning Department shows that there are 1,324 firms operating in Leelanau; 792 (60%) of them are one-person operations. Another 28% (375) employ 2-4 persons. Even with large employers included, the average number of employees per firm is only 4. (Concentrations of Leelanau County businesses can be seen by traffic zone in Figure 3-5). A traffic zone is a contiguous area of common characteristics used to monitor change and to monitor change on a variety of socio-economic and traffic variables. The highest concentrations of establishments tend to be adjacent to surface water, within established towns and villages, and that portion of Elmwood Township immediately adjacent to Traverse City.

Table 3-4
ESTABLISHMENTS BY TRADE

	1968	1972	1976	1980	1984	1989
Agriculture	3	1	2	5	6	3
Transportation	4	7	10	10	16	14
Construction	25	29	53	50	39	78
Manufacturing	15	12	23	21	26	30
Nonclassified	2	4	5	18	37	41
Wholesale Trade	4	3	7	10	9	14
Retail Trade	63	61	84	91	101	129
Finance, Insurance & Real Estate	5	15	15	15	15	28
Services	22	44	56	67	79	125

Source: *County Business Patterns*, Bureau of Census,
1968, 1972, 1976, 1980, 1984, 1989

SUMMARY

The service and retail trade sectors are the largest employers in Leelanau County with 47% and 19% respectively.

The service industry also leads in the growth of commercial establishments by sector; with retail trade increasing 134%; finance insurance and real estate, 109%, and construction 55%. This may be interpreted to

mean that there is a large portion of the population at the lower end of the income scale with limited purchasing power. However, the high proportion of school and medical jobs in the service sector in Leelanau County means that there are many individuals with higher incomes. Overall, a 5% increase is expected in jobs in the 10 county region by the end of 1992.

Chapter 4

TOURISM

INTRODUCTION

Leelanau County's variety and quality of natural resources make it a natural attraction for tourism. Lake Michigan, sand dunes, inland lakes, rolling terrain, woodlands, wetlands, orchards, rivers and streams can all be found in a relatively small area, which compounds their desirability to the visitor. Major federal park facilities like Sleeping Bear Dunes and the Manitou Islands offer outstandingly unique recreational opportunities. Many times visitors to the County become so enamored by the area's charm, that they purchase or build second homes so they can have their own piece of the natural beauty.

Tourism can be a mixed blessing, while it imports a significant amount of outside dollars and is considered relatively non-consumptive, it also strains local services and can cause friction between community residents (e.g., seasonal and year-round residents). Regardless of opinions toward tourism, it is a significant economic force in Leelanau County.

TOURISM-RELATED EMPLOYMENT

Data source for the following information was the Michigan State University's Travel, Tourism, and Recreation Resource Center (TTRRC), who obtained estimates from the Michigan Employment Security Commission (MESC). MESC only considers a few sectors as "tourist"; these are jobs in services incidental to water transportation, gasoline service stations, boat dealers, recreational and utility trailer dealers, eating and drinking places, hotels, motels and tourist courts,

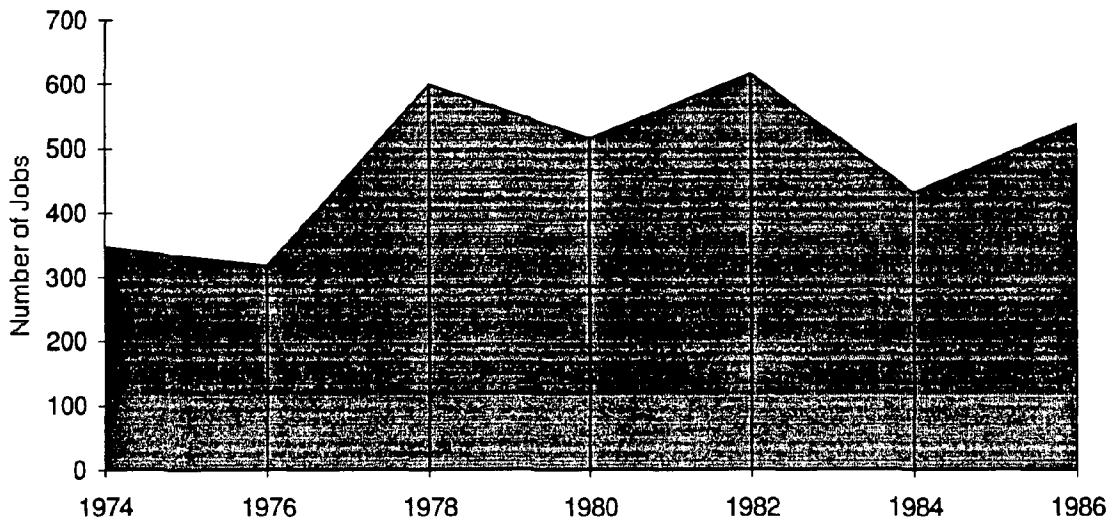
rooming and boarding houses, camps, trailer parks, and miscellaneous amusement and recreation services. This is a narrow definition of tourism-related jobs, but as the TTRRC states:

"...sound estimates of the number of jobs attributable to tourism activity are difficult to obtain for several reasons:

(1) no single, widely accepted definition of a tourist or tourism business exists; (2) tourism is not a single business category, but an activity in which many different businesses engage to varying degrees; (3) tourism encompasses both public and private organizations and an unknown number of small businesses, some of which are exempt from many kinds of standard economic reporting, including reporting the number of employees; and tourism is often a seasonal activity, employing both part time and seasonal workers. This makes the definition of "job" difficult.

Over the last couple decades, Leelanau County's economy has shifted toward catering to the tourist industry. The annual average number of jobs (per MESC's definition) that can be attributed to tourism-related jobs have generally increased since 1974 (see Figure 4-1 and Table 4-1). The average increase since 1977 has been lower in Leelanau County than in neighboring Benzie and Grand Traverse Counties (see Figure 4-2 and Table 4-2). One of the identified problems associated with tourism-related jobs is their seasonal nature. The number of tourism-related jobs peak during summer months and taper off during fall and winter.

Figure 4-1
ANNUAL AVERAGE NUMBER OF JOBS IN TOURISM-RELATED
BUSINESSES IN LEELANAU COUNTY



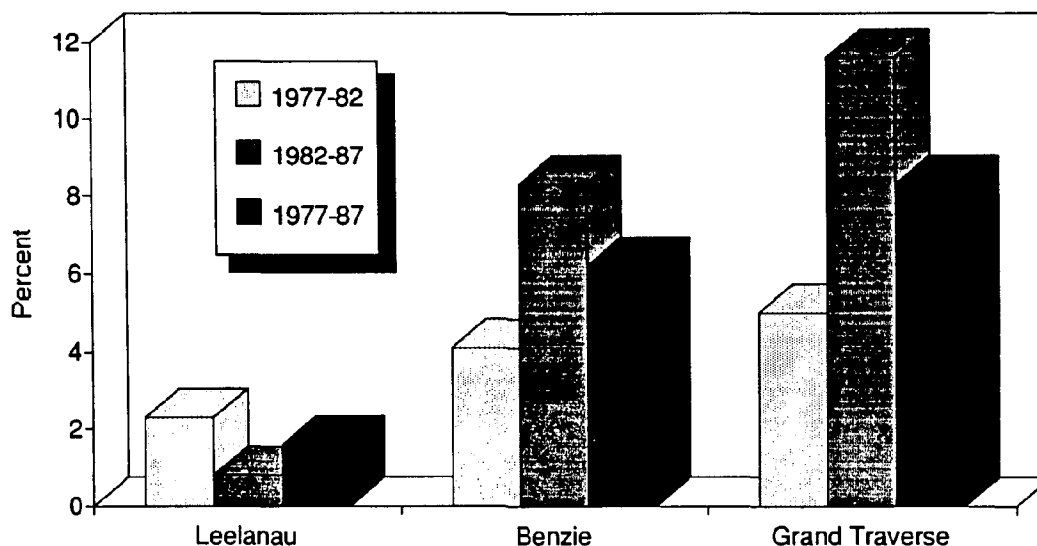
Source: *Travel & Tourism in Michigan, A Statistical Profile, 1986 & 1991 ed.*
(MSU, Travel, Tourism & Recreation Resource Center)

Table 4-1
ANNUAL NUMBER OF JOBS IN
TOURISM-RELATED BUSINESSES
LEELANAU COUNTY

1974	347
1976	319
1978	600
1980	517
1982	618
1984	433
1986	539

Source: *Travel & Tourism in Michigan, A Statistical Profile, 1986 & 1991 ed.*
(MSU, Travel, Tourism & Recreation Resource Center)

Figure 4-2
ANNUAL PERCENTAGE CHANGE IN TOURISM-RELATED
BUSINESS JOBS (1977-1987)



Source: *Travel & Tourism in Michigan, A Statistical Profile, 1986 & 1991 ed.*
 (MSU, Travel, Tourism & Recreation Resource Center)

Table 4-2
ANNUAL PERCENTAGE CHANGE IN TOURISM-RELATED
BUSINESS JOBS (1977-1987)

	Leelanau	Benzie	Grand Traverse
1977-82	2.3	4.1	5
1982-87	0.8	8.3	11.6
1977-87	1.6	6.2	8.3

Source: *Travel & Tourism in Michigan, A Statistical Profile, 1986 & 1991 ed.*
 (MSU, Travel, Tourism & Recreation Resource Center)

The Michigan Department of Commerce, Travel Bureau uses a proprietary input-output model developed by the US Travel Data Center to determine the amount of tourist spending by county. The input model considers such factors as sales and use tax, proprietor earnings, and inventories of business sectors in the tourist trade. Spending and behavior patterns of tourists are also considered from results of national surveys. According to this model, Leelanau County experienced significant increases in travel expenditures, travel employment and payroll for travel-related jobs between 1983 and 1986. Exact travel related figures from the Travel Bureau are presented in Table 4-3. It is difficult to determine how much of the increase is due to an upswing in the economy, and how much is a real increase. Figures for 1989 are currently being computed, but they will not be comparable to previous figures, since the U.S. Travel Center has made changes to the model, these refinements are expected to yield more sophisticated results.

Sales tax collected by tourism-related businesses are presented in Figure 4-3 and Table 4-3. Sales tax collections associated with family restaurants has experienced the greatest increase since 1983. Sales tax attributed to taverns and clubs, and hotels and motels have also increased overall. See Table 4-4.

Michigan is second only to Florida in the number of second or seasonal homes (1980 data). It was reported, in a recent Michigan State University (MSU) profile of the state's tourism, that 24% of all registered boats in the state are stored and used at second homes. Further, 30% of all boat owners in the state own second homes.

Water-related activities are a critical component of Leelanau County's tourist attractions. While there is no direct data on the total number of water craft using Peninsula waters, the number of water craft registered in the County has increased dramatically over time. See Figure 4-4 and Table 4-5. Overall,

Michigan has more Coast Guard registered boats than any other state in the nation. Although Michigan experienced a decline in water craft registrations between 1978 and 1985, Leelanau's registrations continued to climb. Overall, between 1978 and 1991, the County had a 42% increase in registered water craft. In that same time period, the state experienced an approximate 22% increase.

Visitation to Sleeping Bear Dunes National Lakeshore is another indicator of tourist activity in Leelanau County. Visitation to the lake shore has generally increased over time. See Figure 4-5 and Table 4-6. Well over a million people visit the Dunes on an annual basis. Note that visitation counts are down in recent years because the National Park Service has closed a campground for upgrading. When this facility is completed, it is anticipated that visitation will once again climb.

Visitation records are also kept for Leelanau State Park. Total visits is a combination of camper and day-visits to the park. In the 1982-83 season there were nearly 75,000 total estimated visits to the state park. Visitation rose on an annual basis and peaked at around 216,000 in 1986/87. Visitation dropped between 1987 and 1990, tapering off to approximately 123,000.

Another unusual, yet highly active, attraction in the County is the Grand Traverse Band of Ottawa and Chippewa Indian's casino operation. That and other tourism-related investments have greatly improved the economic viability of the Band. The success of the recently expanded gambling casino is providing job and economic opportunities for Band members. According to the Michigan Department of Commerce, the Grand Traverse Band is the *number one* employer in Leelanau County. Given increasing tourism in the County, this facility is likely to take on a more significant role for the Native American population.

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Service and retail sectors are closely tied to tourism in the County. Between the 1977 and 1987 **Censuses of Retail Trade**, Leelanau County experienced a nearly 108% increase in total retail sales. In comparison, Michigan experienced approximately a 78% increase and Grand Traverse County experienced 169% increase (see Table 4-7). Note that even though retail sales increased considerably between 1977 and 1987, the percentage of income attributed to retail sales actually dropped 4%. This may be due to other sectors in the economy generating more relative income in that same time.

Leelanau has many establishments geared toward serving tourists. A 1989 inventory of eating and drinking establishments in the state reported Leelanau County having 91 licensed food service establishments; Grand Traverse had 293; Antrim, 88; and Benzie; 64. In 1986, Leelanau County offered 1,026 rooms in bed and breakfasts, cottages, hotels, motels and condominiums. Grand Traverse had 3,161 rooms; Antrim 1,174; and Benzie 727.

A MSU study of characteristics of Michigan's pleasure travelers offered the following profile of the average Michigan tourist (primarily considered to be comprised of residents from Michigan, Ohio, Iowa, Illinois, Indiana and Minnesota):

"Compared to the Michigan population as a whole, travelers to and through Michigan were generally more mature, better educated, and had somewhat

higher incomes. Seventy percent were married; 64% have at least some college education; 73% owned their own home; and 57% were 35 years or older. Thirty-seven percent of the travelers reported incomes of \$30,000 or more, while only 32% of Michigan households in 1983 earned \$30,000 or more."

When these travelers were asked about their reasons for traveling; 46% said the primary reason for travel to/in Michigan was to visit friends or relatives; 23% for outdoor recreation, and 14% for sightseeing and touring. When asked about the importance of various attributes, *"good scenery"* was ranked number one. Lodging for travelers was primarily found in the homes of friends and families (39%); 36% used hotels or motels; 6% rented a cottage; and 11% camped either publicly or privately.

While there is limited data available on the County's seasonal population, it appears to be increasing, as evidenced by the aforementioned travel indicators. The most recent available estimates (1987) suggest that during the peak season (June-August) the seasonal population outnumbers the year-round population by nearly 7 to 1. This number is up considerably from 1975 estimates that suggested peak seasonal population outnumbered year-round residents by 4 to 1 (see Figure 4-6 and Table 4-8). It should be noted that 1981 figures are likely down from 1975 figures due to the recession.

Table 4-3
TRAVEL EXPENDITURES, EMPLOYMENT, AND PAYROLL
LEELANAU COUNTY

	1983	1986	% of State Total	% Change '83-'86
Total Travel Expenditures	54,899,000	81,419,000	1.07	+48.31
Rank in State	19th	17th	—	—
Travel Employment (Jobs)	1,182	1,648	1.18	+39.42
Payroll Generated	9,371,000	14,711,000	0.94	+56.98

Source: Michigan Travel Bureau. Studies performed by the U.S. Travel Data Center, 1988

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Figure 4-3
LEELANAU COUNTY SALES TAX COLLECTIONS
(1983, 1985, 1987, 1989)



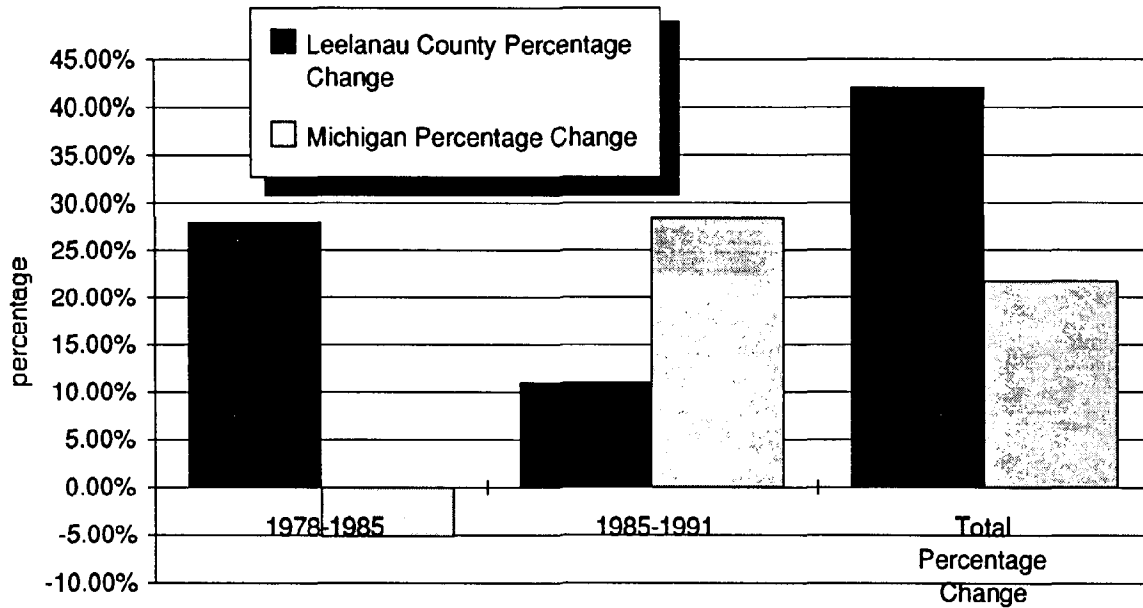
Source: *Travel and Tourism in Michigan; A Statistical Profile, 1986 & 1991*,
MSU Travel And Tourism Research Center

Table 4-4
SALES TAX COLLECTIONS
LEELANAU COUNTY

	Taverns and Clubs	Hotel Dining	Family Restaurants	Fast Food Restaurants	Sporting Goods	Hotels and Motels
1983	\$128,249	\$5,881	\$69,640	\$12,704	\$9,418	\$95,587
1985	64,582	22,004	169,956	29,009	10,584	117,702
1987	118,817	31,027	206,872	19,308	15,064	130,728
1989	149,168	39,387	297,564	31,787	16,732	135,794

Source: *Travel and Tourism in Michigan; A Statistical Profile, 1986 & 1991*,
MSU Travel And Tourism Research Center

Figure 4-4
REGISTERED WATERCRAFT
LEELANAU COUNTY



Source: Department of State

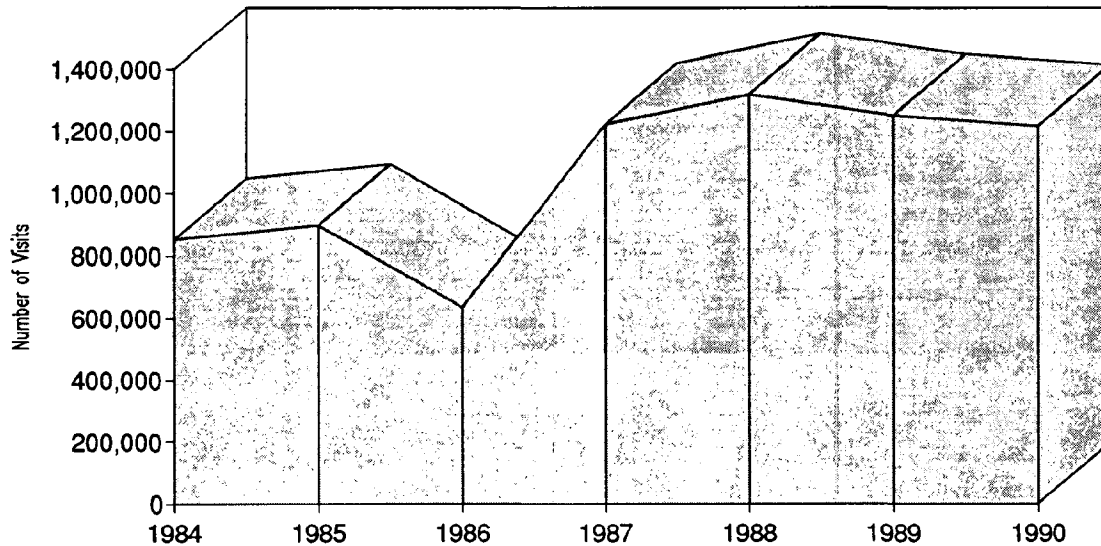
Table 4-5
REGISTERED WATERCRAFT
LEELANAU COUNTY

	County Percentage Change	Michigan Percentage Change
1978-1985	28.00%	-5.20%
1985-1991	11.00%	28.50%
Total Percentage Change	42.00%	21.78%

Source: Department of State

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**Figure 4-5
SLEEPING BEAR DUNES NATIONAL
LAKESHORE ANNUAL PUBLIC USE**



*Source: National Park Service. (*note: In 1987 method for determining visitation changed. More accurate traffic centers installed. Camp site closed in 1990 for repairs which accounts for loss in visits)*

**Table 4-6
ANNUAL PUBLIC USE**

	Total Visits
1984	853,186
1985	897,512
1986	634,435
1987	1,222,811
1988	1,317,530
1989	1,250,416
1990	1,216,870

*Source: National Park Service. (*note: In 1987 method for determining visitation changed. More accurate traffic counters installed. Camp site closed in 1990 for repairs which accounts for loss in visits)*

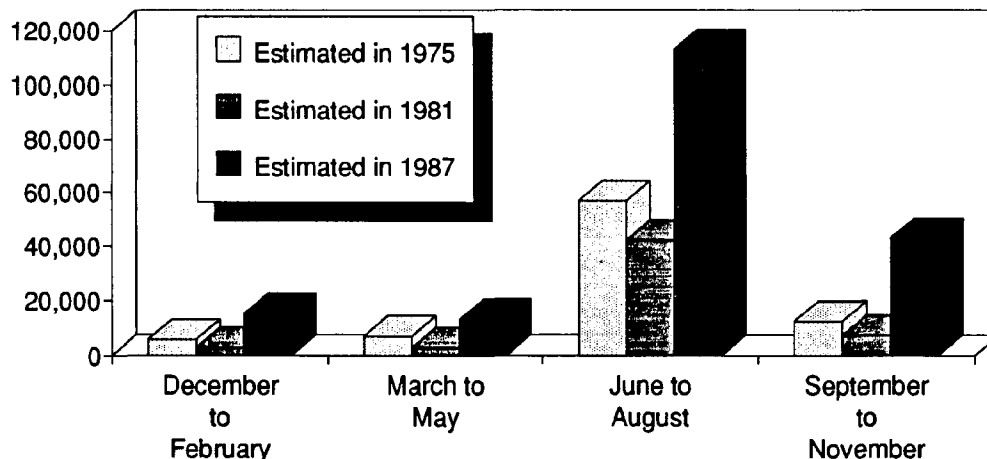
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Table 4-7
RETAIL SALES PERCENTAGE CHANGE

	Total Retail Sales 1977	Total Retail Sales 1987	Change 1977-87		Retail Sales as a % of Personal Income		Change 1977-87
			Number	Percent	1977	1987	
Antrim	\$39,130,000	\$63,324,000	\$24,194,000	61.80%	42%	30%	-11.70%
Benzie	\$35,188,000	\$48,878,000	\$13,690,000	38.90%	54%	36%	-17.70%
Grand Traverse	\$235,242,000	\$633,344,000	\$398,102,000	169.20%	66%	70%	3.20%
Leelanau	\$26,693,000	\$55,435,000	\$28,742,000	107.70%	28%	24%	-3.50%
Michigan	\$31,912,356,000	\$56,697,319,000	\$2,478,963,000	77.70%	44%	40%	-5.00%

Source: *Michigan Rural Development Strategy Data Book*, Michigan Department of Commerce, 1991, pg. 54

Figure 4-6
SEASONAL POPULATION FOR
LEELANAU COUNTY



Source: *Leelanau County 1989 Solid Waste Management Plan*, 1975 & 1981 figure NWMCOG, 1987 Ext. by Gosling & Czubak

Table 4-8
SEASONAL POPULATION
LEELANAU COUNTY

	Estimated in 1975	Estimated in 1981	Estimated in 1987
December to February	5,645	2,788	15,000
March to May	6,856	2,759	13,000
June to August	56,765	42,184	113,000
September to November	12,400	7,283	43,000

Source: *Leelanau County 1989 Solid Waste Management Plan*, 1975 & 1981 figure NWMCOG, 1987 Ext. by Gosling & Czubak

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SUMMARY

Tourism is a large part of Leelanau County's economy. Tourists and seasonal residents import large sums of money that can be captured by local businesses. However, one of the drawbacks of a tourism economy is its seasonality.

Large numbers of second homes are hubs of activity for visitors. Beautiful scenery, an abundance of natural resource and public land add to the area's character, which attracts a great number of visitors to the county. Recent studies indicate that tourists are becoming more sophisticated and demanding in terms of the quality of their experience, and the environment in which they recreate. One of the critical issues for tourist

areas is protection of the resource to ensure that its value is not degraded.

Perhaps the biggest issue for sound economic development planning is the shortage of current tourist-specific economic information. The most recent data in 1991 publications reports 1986 and 1987 activity. That makes the data already five years old. Ongoing County level data collection, monitoring and analysis (of particularly tourism data) in conjunction with private organizations like the Chamber of Commerce will be necessary to assure the success of future economic development activities and to monitor change over time.

Chapter 5

AGRICULTURE

INTRODUCTION

Although agricultural production continues to play a key role in Leelanau County's economy, other economic sectors are outstripping agriculture in terms of their percentage contribution to area income and employment. It remains, however a dominant force in the landscape character and heritage of the County. The nature of agricultural production in the County is unlike that of most areas in Michigan. A unique combination of climate, terrain and soils creates an environment highly conducive to fruit production. Ironically, many of these areas are also among the most desirable for residential development.

CHANGES IN AGRICULTURE

As noted previously, agriculturally-based businesses are declining in economic significance relative to other sectors. In 1940, 41% of the County's labor force was employed in agriculture. In 1960, 18% of the labor force was employed in agriculture and by 1980 the figure reduced to 8.6%. The total value of agricultural products sold has also decreased since 1978 (see Table 5-1).

The average size of farms in Leelanau County has increased since 1969, which is a state, national, and regional trend (see Figure 5-1 and Table 5-2). This is due to a certain extent to smaller farms being bought out by larger operations. Operations typically become more automated and sophisticated, needing less labor to run larger holdings.

In counties with a significant amount of orchards, the number of farms in orchards, acreage in orchards, and number of trees or vines of particular fruits over time are indicators of agricultural trends (production is not being used as an indicator because many factors affect this; e.g., weather, presence of pests, etc.). The number of farms in orchards

have decreased since 1974 for Leelanau, Benzie and Grand Traverse Counties. Until 1987, however, the amount of acres in orchards increased for Leelanau and Benzie Counties (Grand Traverse began to experience a decline in acreage of orchards earlier; see Figure 5-2 and Table 5-3). The number of trees or vines devoted to fruit production reflect notable changes (see Table 5-4). Note that over time, fruit growers in Benzie, Leelanau and Grand Traverse Counties have diversified, in that grape, peach, apple, apricot and plum/prune production account for higher proportions of overall production. Also reflected in the 1982 Census of Agriculture was 226 acres in Leelanau devoted to berry production (raspberries, blueberries and strawberries). By 1987, the acreage devoted to berry production had been reduced to 213.

According to a report issued by the Leelanau County Economic Development Task Force 1988, the cherry industry has improved its technology to the point that current production exceeds the ability to market the volume of product grown. This eventually results in price drops and losses for growers. Additionally, there are problems with economically marketing surplus products outside the Peninsula.

SUMMARY

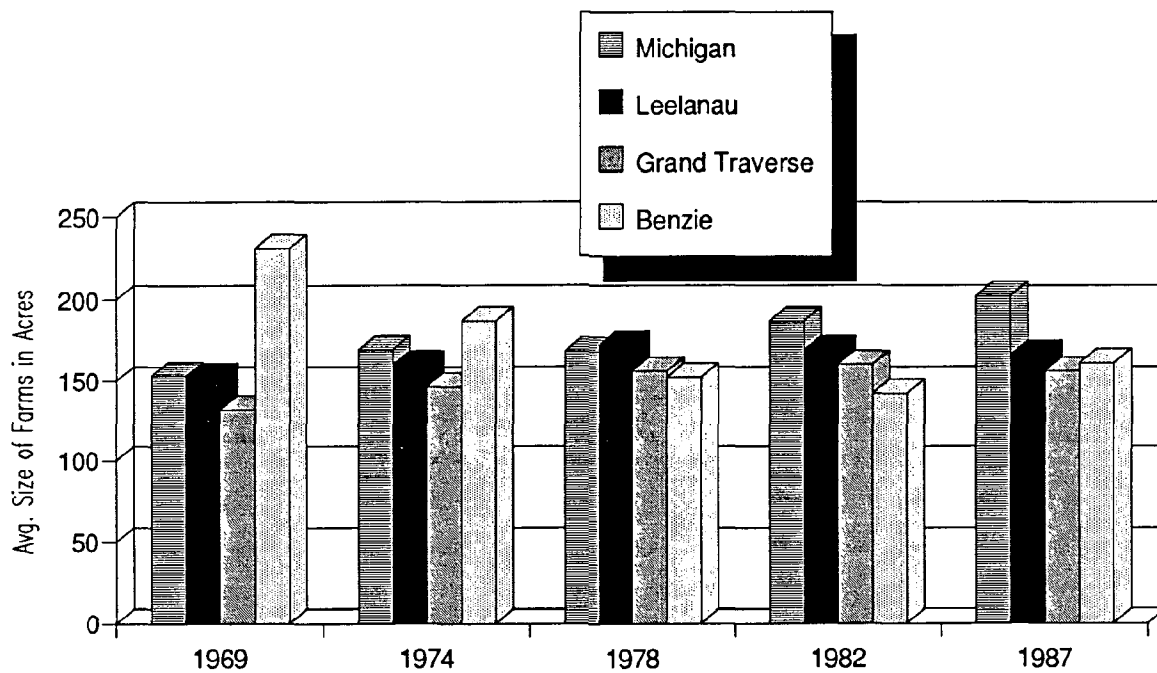
The agricultural sector of Leelanau County has diversified the variety of crops it produces, which tends to strengthen businesses economically. Although the agricultural sector of the County appears to be strong, pressures against it increase as land values rise (see Chapter 6) and demand for home sites increase. In addition to being among the most unique and prime agricultural lands in the nation, agricultural operations are a critical part of the County's rural character.

Table 5-1
MARKET VALUE OF AGRICULTURE PRODUCTS SOLD
LEELANAU COUNTY

	Total Ag. Prod Sold	Avg. per Farm
1987	\$15,151,000	\$38,454
1982	\$16,040,000	\$37,389
1978	\$22,540,000	\$53,667
1974	\$12,877,000	\$29,200

Source: Census of Agriculture 1974, 1978, 1982, 1987

Figure 5-1
AVERAGE SIZE OF FARMS



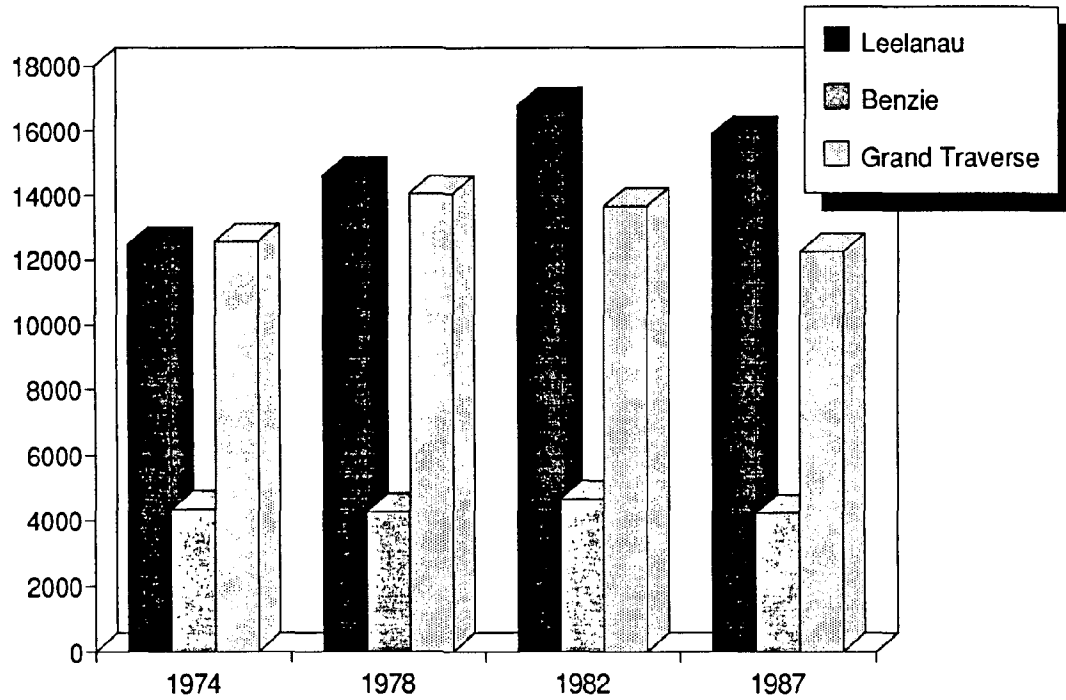
Source: Census of Agriculture 1974, 1978, 1982, 1987

Table 5-2
AVERAGE SIZE OF FARMS

	Michigan	Leelanau	Grand Traverse	Benzie
1969	153	152	132	231
1974	169	160	146	187
1978	168	172	156	152
1982	187	169	160	142
1987	202	166	156	161

Source: Census of Agriculture 1974, 1978, 1982, 1987

Figure 5-2
NUMBER OF ACRES IN ORCHARDS



Source: *Census of Agriculture* 1974, 1978, 1982, 1987

Table 5-3
NUMBER OF ACRES IN ORCHARD

FARMS			
Year	Leelanau	Benzie	Grand Traverse
1974	279	87	210
1978	292	102	237
1982	286	109	211
1987	258	71	210
ACRES			
	Leelanau	Benzie	Grand Traverse
1974	12,458	4,361	12,552
1978	14,628	4,258	14,055
1982	16,780	4,661	13,664
1987	15,888	4,219	12,240

Source: *Census of Agriculture* 1974, 1978, 1982, 1987

Table 5-4
NUMBER OF TREES AND VINES IN FRUIT PRODUCTION

	BENZIE				GRAND TRAVERSE			
Type	1974	1978	1982	1987	1974	1978	1982	1987
Cherries	211,384	216,559	266,966	243,731	892,212	1,077,290	991,434	915,545
Apricots	-	1,641	D	-	3,034	2,717	D	2,682
Apples	75,892	79,962	124,954	174,760	129,396	161,492	142,818	171,263
Peaches	4,165	5,387	6,278	4,159	4,713	3,739	5,262	9,231
Grapes	-	6,532	D	-	-	42,235	D	29,817
Pears	14,726	4,522	3,024	2,123	28,734	17,661	12,098	8,592
Plums & Prunes	12,202	18,076	9,029	12,956	61,539	71,402	39,080	32,622
	LEELANAU				MICHIGAN			
Type	1974	1978	1982	1987	1974	1978	1982	1987
Cherries	765,031	980,734	1,314,236	1,247,200	4,727,688	5,320,163	5,768,435	5,674,833
Apricots	1,940	5,453	10,320	8,554	17,136	30,634	23,662	23,875
Apples	131,453	120,621	153,932	221,706	4,008,184	4,777,902	5,592,196	6,574,958
Peaches	17,460	15,961	15,742	13,250	1,139,597	1,051,453	1,062,524	13,857
Grapes	-	42,640	41,951	26,638	7,810,044	7,788,180	6,448,085	6,040,759
Pears	20,890	11,867	5,066	4,878	662,740	314,181	203,139	145,760
Plums & Prunes	60,246	72,610	52,890	55,604	696,544	587,659	387,558	385,877

D = not disclosed

Source: Census of Agriculture 1974, 1978, 1982, 1987

Chapter 6

REAL ESTATE

INTRODUCTION

Residential and commercial development are accounting for a much higher percentage of Leelanau County's tax base than in the past. This is due to significant new construction activity. At the same time, agricultural and timber land values are becoming a smaller proportion of tax classifications in the County. Industrial properties have remained stable in terms of value, not gaining, or losing significantly.

HOUSING STARTS

Cottages or seasonal housing are comprising a larger segment of the county's tax base. Between 1980 and 1990, the number of total housing units in the County increased just over 23%, but the number of seasonal or migratory units increased over 125% (see Figure 6-1). The majority of new housing units still tend to be single-family detached, but in recent years, multifamily units have also increased in number (see Table 6-2). Of the 2,200 units permitted between 1980 and May of 1991, 79% were single-family units. The remainder were multifamily; 15% were in structures with 5 or more units; and 6% were in structures with 2 to 4 units. This boom in low-density residential development puts pressure on agriculture and timber lands throughout the Peninsula.

HOUSING VALUES

According to the Northwest Michigan Data Center, median selling price for a home in Leelanau County in 1977 was \$41,550. By 1980 the median selling price rose 24% to \$51,428. Although more recent median selling prices are not available; 1990 median value of owner occupied housing (as estimated by owners vs. actual selling price) was \$66,700.

STATE EQUALIZED VALUE

Between 1980 and 1991, residential state equalized value (SEV) for Leelanau County rose 212% (see Figure 6-2 and Table 6-2). In that same period, agricultural land values went up 57%; commercial land 171%, and; industrial land 20%. Timber land values fell 54%. Nevertheless, the residential component of the tax base remains roughly ten times greater than the commercial component and eight times greater than the value of agriculturally assessed lands. The significance of the residential component is even greater when one considers it was only eight times larger than the commercial component in 1980 and four times larger than the value of agriculturally assessed lands in 1980.

SUMMARY

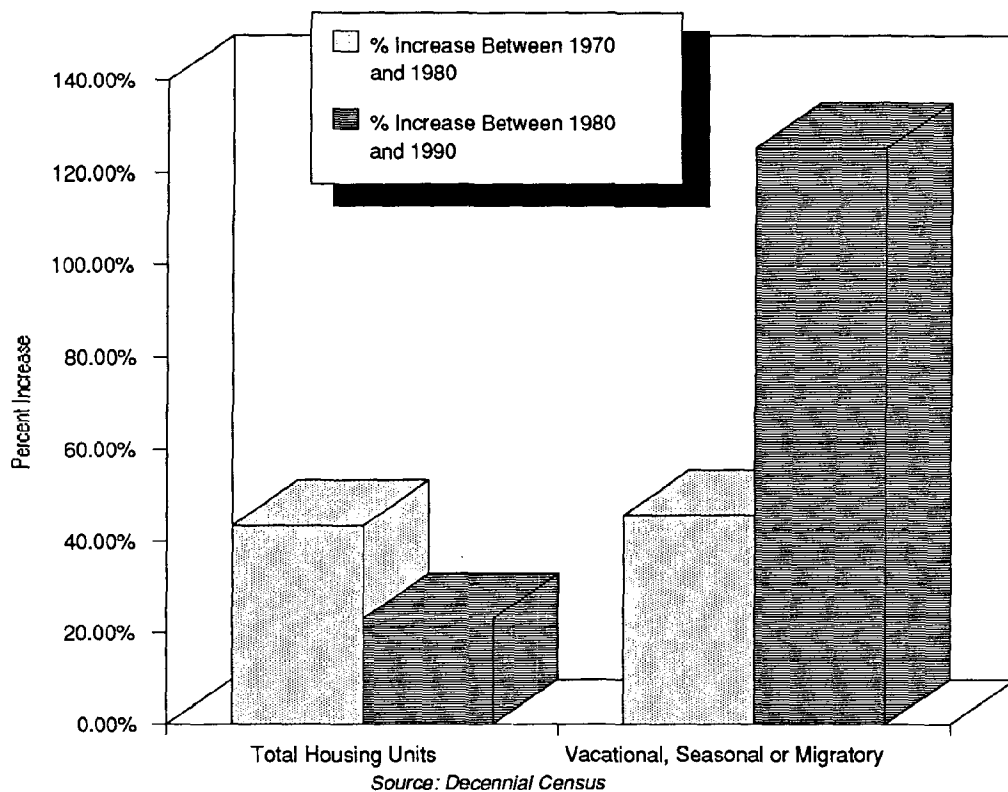
The composition of Leelanau County's tax base (and ultimately, the land base) has changed considerably in just ten years. Land that is reclassified and taxed at higher use values is under pressure for development. As land values rise and more parcels are converted to or prepared for residential and commercial development, the economy and character of the County will change dramatically. Natural resource-based lands (agriculture and timber production) are squeezed out of existence through economic pressures and speculation. These trends permanently alter the character of an area.

In addition, the tax base is becoming less diversified as more of the tax base is dependent on residential properties. While many of these properties are owned by comparatively wealthier nonresidents, they are driving up the value of residential properties often occupied by lower income permanent residents. This is creating a rising tax burden on existing residents less able to afford it. On

the other hand, seasonal residents are using public services for only a portion of the year and paying for them year round, while also providing a steady flow of construction activ-

ity with all its attendant job and income benefits.

Figure 6-1
PERCENT CHANGE IN HOUSING UNITS
BETWEEN 1970 AND 1990



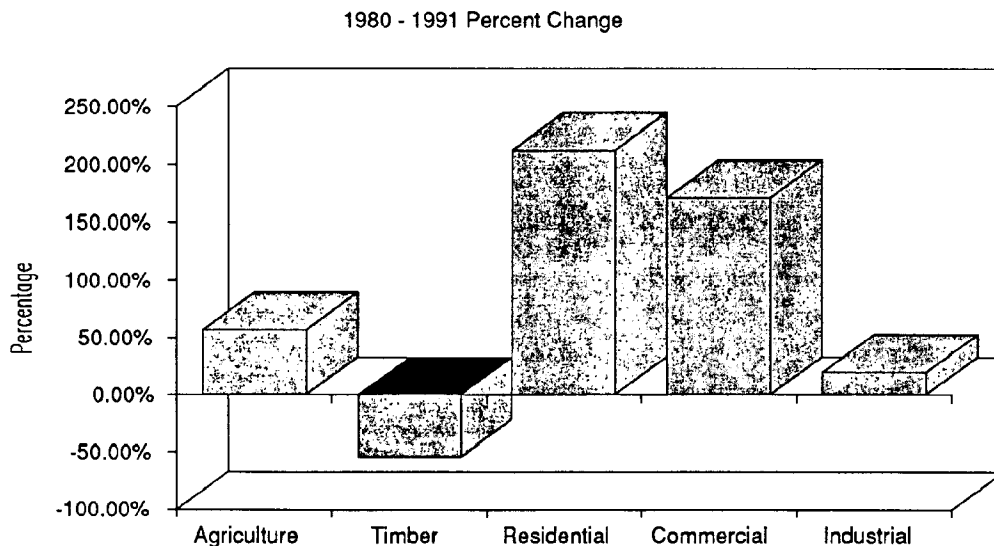
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Table 6-1
BUILDING ACTIVITY LEELANAU COUNTY
1980-1991

	1 Unit	2 Units	3-4 Units	5+ Units	Total
1980	141	2	-	31	174
1981	133	4	7	-	144
1982	107	2	-	-	109
1983	114	-	-	27	141
1984	116	-	-	82	198
1985	95	6	13	22	136
1986	166	2	55	41	264
1987	198	-	28	9	235
1988	226	-	10	26	262
1989	219	12	22	16	269
1990	189	14	4	12	219
1991*	50	-	4	-	54
Total	1,754	42	143	266	2,205

Source: Michigan State Housing Development Authority, Michigan Department of Commerce
*As of March 1991

Figure 6-2
STATE EQUALIZED VALUATION PERCENTAGE CHANGE
BY CLASS BETWEEN 1980 AND 1991



Source: Michigan Department of Treasury

Table 6-2
STATE EQUALIZED VALUATION PERCENTAGE CHANGE
BY CLASS BETWEEN 1980 AND 1991

Year	Agriculture	Timber	Residential	Commercial	Industrial
1980	\$37,434,169	\$9,277,808	\$158,118,059	\$19,086,254	\$1,592,447
1982	\$45,092,127	\$12,435,840	\$249,514,671	\$30,662,940	\$1,776,300
1984	\$48,442,300	\$13,739,385	\$275,432,011	\$37,654,884	\$2,063,150
1986	\$48,613,283	\$8,166,390	\$307,921,922	\$37,437,019	\$1,998,450
1988	\$50,089,265	\$6,900,440	\$348,083,346	\$40,365,223	\$2,063,900
1991	\$58,798,190	\$4,214,000	\$493,641,465	\$51,799,468	\$1,909,690
1980 - 1991 Percent Change	57.00%	-54.00%	212.00%	171.00%	20.00%

Source: Department of Treasury

Chapter 7

ECONOMIC BASE & EMPLOYMENT PROJECTIONS**ECONOMIC VIABILITY**

Data presented in the bulk of this working paper helps the reader formulate a general picture of Leelanau County's economy, but what of measures of economic viability? Economic growth, or stabilization in a community is usually determined primarily by its standing as an exporter to outside communities. Exports include goods and services sold outside the peninsula plus expenditures by outsiders within the County.

The economy can be divided into those sectors that export (basic sectors) and those sectors that import goods and services (nonbasic sectors). Funds brought into an area through "basic" export activities are used to finance local growth or to purchase "import" goods. The assumption is that in order to grow, and sustain growth, an economy must have an inflow of money from outside the region. For Leelanau County, transfer payments and tourism represent a significant influx of "outside" money.

A common method of assessing the import/export activity of an economy is through the establishment and analysis of location quotients(LQ). The purpose of a LQ is to determine:

- The community's degree of self-sufficiency in a particular sector of the economy;
- If a community is losing its local trade dollars to nonlocal markets, and;
- If a community is producing more than it needs for its own use and selling the excess to nonlocal markets (i.e., identification of export activity).

To determine the LQ, the local percentage of employment by sector is divided by the percentage of national employment in that sector. The resultant figure portrays the relative specialization of a region in a certain industry. If the LQ is greater than 1.0, then

the County is more specialized than the nation in that industry and is assumed to be a net exporter of goods or services from that industry (i.e., the basic sector of the economy). If the LQ is smaller than 1.0, then the County is less specialized than the nation in that sector and is assumed to be a net importer of goods from that industry (the non-basic portion of the economy). If the LQ is equal to 1.0, the County and the nation have an equal degree of specialization and the County essentially "breaks even" with regard to that sector. Table 7-1 presents the LQ's for Leelanau County. As might be expected, the County is a net exporter in the agricultural, construction, retail trade and service sectors. The higher the LQ in these cases, the higher the export activity. Services and construction are the leading export sectors in Leelanau County's economy. Mining, manufacturing, transportation, communications and utilities; finance, insurance and real estate; public administration and wholesale trade are non-basic, or import activities in the County. Of the nine major private economic sectors, Leelanau County is a net exporter for four of them. Also, economic base analysis techniques like LQ do not directly assess the impact of the inflow of capital in the form of transfer payments. This, too, is a "basic" activity for the County.

The major problem with an LQ analysis is that most goods produced locally are sold in both local and nonlocal markets. Also, many services are provided to the year-round population while others are provided to tourists and the seasonal population. How much is provided to each? Data doesn't exist to answer that question.

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Table 7-1
LOCATION QUOTIENTS - LEELANAU COUNTY - 1990

Industry	% of National Employment	% of Local Employment	LQ
Agriculture	0.029	0.03	1.03
Mining	0.063	0.005	0.079
Construction	0.045	0.078	1.73
Manufacturing	0.169	0.077	0.46
Transportation, Communities & Utilities	0.051	0.018	0.35
Wholesale Trade	0.055	0.024	0.44
Retail Trade	0.174	0.193	1.11
Finance, Insurance, Real Estate	0.059	0.048	0.81
Services	0.25	0.478	1.91
Public Administration	0.162	0.05	0.31

FUTURE EMPLOYEES

A critical component of both economic development and growth management on the peninsula is providing adequate facilities for future employers and employees. Adequate facilities include safe and efficient transportation systems, adequate water and wastewater systems, police, fire and ambulance service, appropriately located and zoned land, and utilities such as gas, electricity, etc.

Estimates of future demands on facilities, with respect to economic development needs, can be tied to an estimate of the number of future employees in an area. This also helps identify the future structure of the local economy. One estimate of the future number of employees in a county can be derived by using an economic base multiplier technique. The premise is that total future employment is a function of basic employment. The employment base multiplier is derived by dividing the total employment in an area by the basic employment (4928 total employed / 3843 employed in base jobs). For Leelanau County, the employment base multiplier is 1.28. This means that roughly 4 out of every 5 jobs are in the agricultural, construction, retail or service sectors.

Straight line projections of employment for Leelanau County's base industries from

1980 through 1988 result in a projected addition of approximately 692 basic jobs by the year 2000. Applying the existing base multiplier of 1.28 results in a projection of 886 new jobs created within the County by the year 2000. This is an 18% increase over the present employment and averages 89 new jobs per year.

Figure 7-1 is a map of existing employment by traffic zones in the County. Employment centers (those with the highest concentration of employee) are portrayed by black. Existing employment/activity centers tend to serve as magnets to future employers. It also makes good economic sense to cluster employer for ease of community service provision.

In comparison, Figure 2-4 presents the total number of persons in the labor force, by jurisdiction. By looking at relative numbers and location of persons in the labor force, a general pattern of movement to employment areas can be determined. Figure 7-2 illustrates future employment by traffic zone if the existing geographic distribution of employment remains the same.

There are many factors which could drastically alter these geographic relationships. A major resort could close in one area while another opens elsewhere. More busi-

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nesses may spring up in Elmwood Township to meet the needs of this rapidly growing bedroom community. See land use working paper for more information.

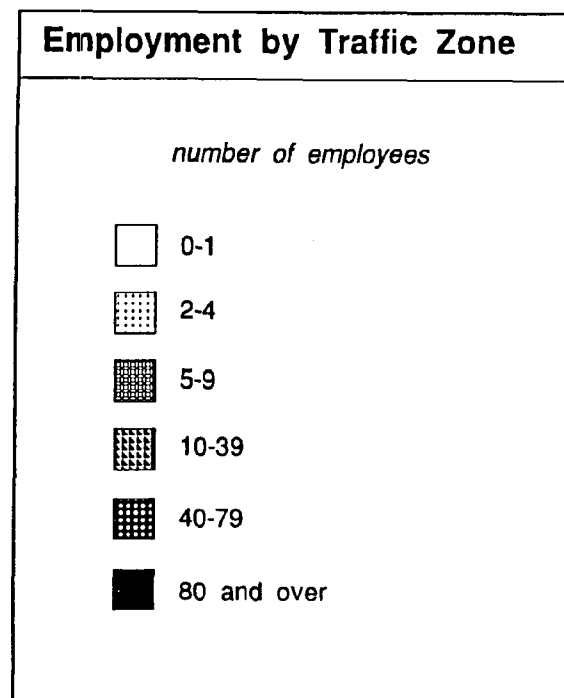
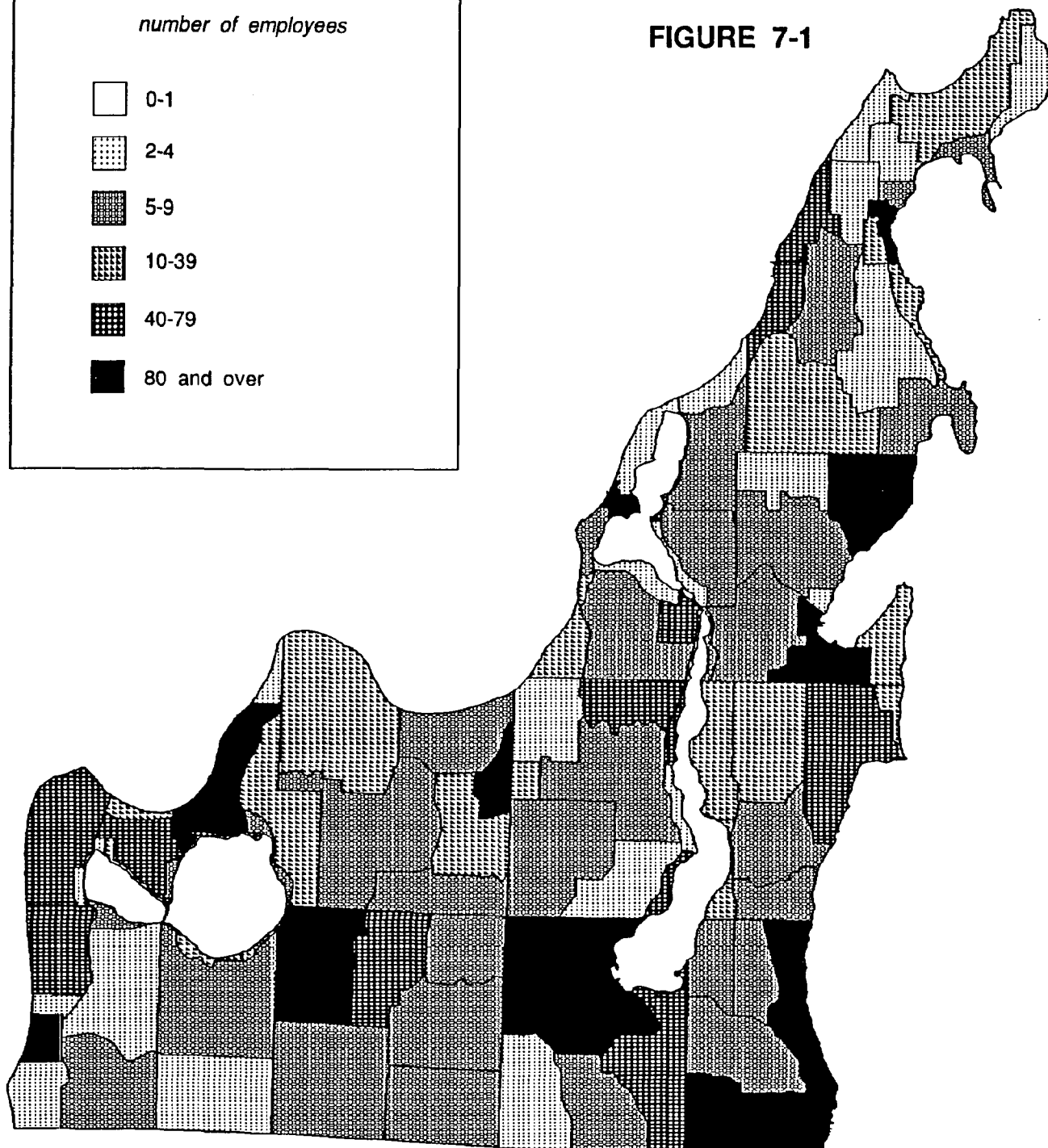


FIGURE 7-1



**Future Employment
by Traffic Zone**

number of employees

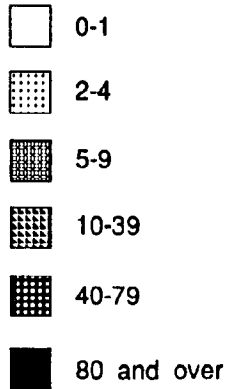
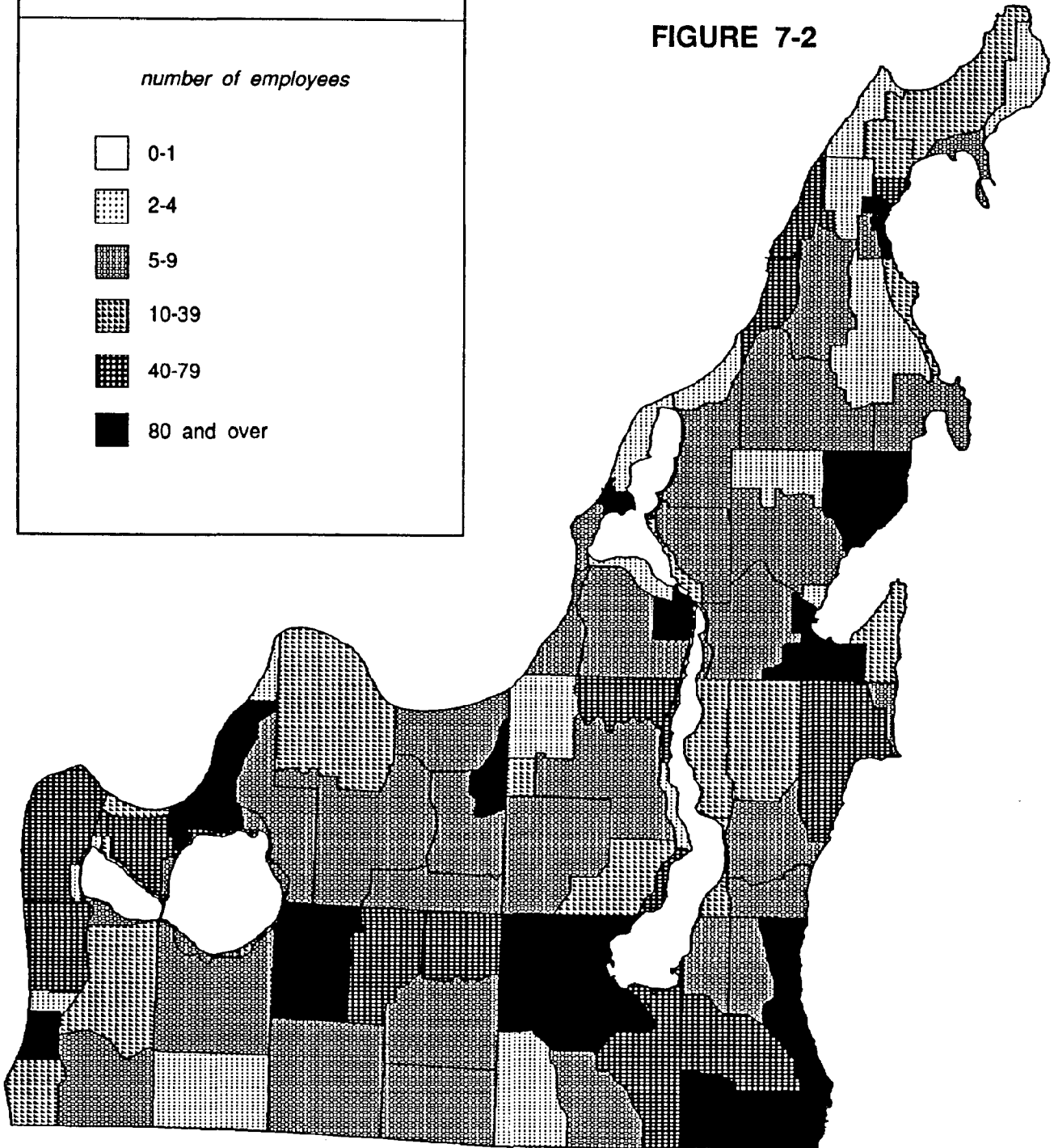


FIGURE 7-2



Chapter 8

ISSUES AND RECOMMENDATIONS

ECONOMIC DEVELOPMENT INTERESTS

Certainly, every citizen in Leelanau County is in one way or another concerned about the local economy. Many formal groups exist throughout the state that specialize in economic development issues, providing technical and financial assistance to Michigan business. Some of these groups are rooted in government, others in the business community. Regardless of their origin, economic development groups are generally interested in maximizing economic opportunities. Local and regional groups interested in community and economic development in the region are listed in Appendix A.

Notably, there are 105 downtown development authorities in Michigan, none of which are in Leelanau County. There is also a multitude of Industrial Development Commissions, and Economic Development Commissions at the local level throughout the state. Leelanau County's only formal economic development group is the County Economic Development Commission.

The lack of these economic development groups is not necessarily negative. During the last recession, a flurry of economic development organizations were created throughout Michigan. The majority of these organizations--formed in small communities or rural counties--are now inactive or dissolved, because the level of economic development opportunities was not there to warrant their continued activity at the local level. Even in some of the larger cities, economic development efforts have slowed due to reductions in funding of state and federal programs. County or regionally focused groups, although under current budgetary stress, have historically been the most active in economic development efforts.

ECONOMIC DEVELOPMENT ISSUES

Most economic development groups, after analyzing existing trends and conditions, turn their focus to "critical issues" identification. Agreement on critical issues provides a platform on which to base future goals and recommendations. This process is not new to Leelanau area, in the past decade various entities in and around the Peninsula have analyzed socioeconomic information for the County, labor market area, and the 10-county region. While the age, depth and breadth of information changes, many of the economic development issues identified in this and other studies remain. Prior to identifying issues raised specifically by this report, it will be beneficial to revisit issues identified in previous economic development studies. The most explicit identification of economic development issues in the area was found in the 1977 Regional Overall Economic Development Plan, and the Final Report of the Leelanau County Economic Development Task Force (1988). Some of the key issues raised in these two reports include:

- Nonmanufacturing sectors:
 - Tend to have a lower average income per employee than the state.
 - Tend to require lower skill levels, although some growing service related occupations need specialized training (e.g., health care).
 - Have a great deal of work that is seasonal or part time--much of it tied to the tourism industry.
- Manufacturing sectors:
 - Are generally small scale operations, more susceptible to economic downturns.
 - Are of a lower pay scale than state averages.
 - Need skilled labor, of which the region is short.

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- Manufacturing businesses are relatively few had have small numbers of employees. However, smaller firms often have significant potential for growth if the climate is right.
- The transportation system has:
 - No highways of interstate standard.
 - Rail trunkline service that is substandard.
 - No air service from major airlines in the County and limited air service from major airlines into Traverse City.
 - Water transportation facilities that are underutilized and obsolete.
- The county is geographically isolated (i.e., there is limited access to the peninsula).
- There are high transportation costs associated with getting goods to down state markets.
- Job retention and creation programs are limited and fragmented in the region.
- The economy is not particularly diversified. Leelanau County's economy is essentially driven by tourism, agriculture and commuter, retirement or seasonally oriented residential development.
- There is a lack of viable job opportunities for young people entering the job market.
- Many "*working poor*" are struggling to attain a minimum standard of living.
- Historically neither the County nor its local governments has maintained an integrated, up-to-date comprehensive planning program.
- There is a critical need to protect the agricultural base of the County in the face of residential development pressures or the employment, income and landscape character associated with it will all be lost.
- There has not been a sustained, formal cooperative effort between the county and/or the local government and the business community.
- There are financial problems associated with accommodating additional service/infrastructure needs from increased development and population.
- There is a lack of infrastructure to support industry (water, sewer).
- Total employment is growing, but population growth is outstripping job growth.
- The labor force (vs. all residents) has lower skill and educational levels than the state overall.
- Overall, the County has a high cost of living, relatively high property values (and hence taxes) and decreased spending power because of low wages. The year-round population competes with the wealthier seasonal population for such things as housing, goods and services. While taxes on the year-round population must pay for public services that are sized to meet the peak seasonal population.
- There is an apparent dichotomy of opinions between the seasonal and year-round population with respect to the nature and level of development that is acceptable in the County.
- Leelanau County has a highly sensitive environment (coastal areas, sand dunes, steep slopes, wetlands) that need protection.
- There is a strong desire to retain rural, pristine quality of environment. Can this be done in the face of development pressures?
- Local character needs to be retained to maintain the viability of the tourist trade.
- In order to provide consistency and motivation in the course of action, there needs to be more of a focus on leadership development.
- These observations appear to still be appropriate, and much of the data included in prior chapters of this working paper reinforces them. The current analysis also offers additional issues, or a more precise focus on existing issues, that should be contemplated before engaging in the development of goals and recommendations. Complementary considerations identified in this working paper follow:

- Because Leelanau county is a peninsula, and there is no "pass-through" travel, it is a destination location. This phenomena is great for tourism, but drastically limits many types of large-scale commercial and industrial development.
- Common attributes that industrial developers look for when sighting a facility is access to harbors, highways and rail service, adequate utilities, a skilled labor force, and proximity to market. Leelanau County has limited public facilities and is relatively isolated geographically. This does not make it particularly attractive for large-scale industry.
- Leelanau's crown jewels are its natural resources. The agriculture, timber and tourism industries all depend on the sound management of the area's natural resources.
- The base, or export industries on the Peninsula are in the service, retail, agricultural and construction sectors. All other economic sectors essentially import goods and services to meet the needs of the local economy. Specifically, manufacturing, mining, transportation and public utilities; finance insurance and real estate; and governmental services are import, or nonbasic trades in the County.
- Leelanau businesses are small with few employees. Many businesses are seasonal, and have a limited ability to provide higher wages and benefits.
- Agriculture remains as a key component of the local economy and local landscape, but a small year-round employer overall, due to automation in agricultural production and/or the use of migrant workers.
- Leelanau County's population has a higher per-capita income than surrounding communities, yet it's workers tend to earn less then workers in comparable industries. This may be due to the significant importation of pension dollars into the economy.
- County residents, on the average have higher educational attainment than surrounding communities and the state. This figure may also be skewed by the influx of wealthier retirees who would tend to be better educated.
- Transfer payments in the form of public assistance, pensions and social security represent a significant flow of money to the local economy. This is a large component of the basic economy.
- Between 1960 and 1990, Leelanau County's labor force increased 151% (in that same time, the population increased 77%), but increases in the labor force are tapering off. Population increases have outstripped increases in the labor force (likely due to the influx of retirees). Between 1980 and 1990, the labor force increased 8.5% and the population increased 18%. A large portion of the population increase is not adding to the labor force, which helps keep competition for employment down.
- Cottages or seasonal housing are comprising a larger segment of the county's tax base, increasing by 125% between 1980 and 1990.) What ramifications does this trend have on community services?
- In a ten year period, residential state equalized value (SEV) rose 212%. In that same 10-year period, agricultural land values went up 57%; commercial land 171%, and; industrial land 20%. Timber land values fell 54%. Resource-based land uses (agriculture and timber) are under increasing pressure to develop. During this period, residential SEV also increased its lead over commercial SEV so that it is now nearly 10 times greater (in 1980 it was 8 times greater).
- Population growth, particularly the seasonal increases, have expanded Leelanau County's economy. While this

may be considered an opportunity for business, it is also a responsibility to units of government to provide additional public services.

- New development often does not pay for the additional expense of providing public services.

ECONOMIC DEVELOPMENT GOALS

In light of some of the previously outlined issues, the Leelanau County Economic Development Task Force in 1988 outlined a series of goals and objectives that were intended to provide a frame of reference for recommendations and subsequent activities. Following is a synopsis of those goals and objectives.

- Maintain and enhance the current economic base (through networking, retention strategies and education efforts).
- Identify and develop new economic base (through marketing, venture capital identification and support for developments that will have long-term impacts on the County's economy).
- Encourage new growth and development to be small scale to retain character and not overburden public services.
- Focus on a single regional (multi-county) organization for economic development services.
- Develop a localized economic development effort to capitalize on regional initiatives and focus on local opportunities.
- Engage in growth management and planning by updating the county comprehensive plan, solid waste management plan and economic development plan. Further develop the integrated land management information system.
- Promote infrastructure development through a formal organization (e.g., the creation of county EDC and various citizen advisory committees).

- Promote physical infrastructure development and guidelines for planned public investment.
- Foster coordination and education throughout the County with regard to development and redevelopment issues.
- Integrate County plans with National Park Service efforts.

Some of these goals are just now coming to fruition, others have yet to be acted upon.

ECONOMIC DEVELOPMENT FOCUS AND RECENT RECOMMENDATIONS

With key economic development issues identified, it is appropriate to make specific recommendations for future action. Issues provide the frame of reference while recommendations chart a general course of action—providing guidelines for future allocations of resources.

Following are recommendations generated in the 1988 Economic Development Task Force Report that remain appropriate today. Many other recommendations in that report have already been implemented. They are not reiterated here. These recommendations should receive further consideration by county, local and private organizations associated with improving the economic vitality of the peninsula in order to ensure improvement to long term quality of life.

Maintain/enhance current economic base:

- Prepare and annually issue a business directory listing all Leelanau County businesses.
- Jointly sponsor, with Michigan State University and industry associations or groups, a Fresh Fruit Marketing Task Force.
- Contract for provision of business retention services on an annual basis to stabilize and improve the business climate in Leelanau County.
- Identify and develop new economic base for Leelanau County.
- Contract for the provision of Business Development Services.

- Prepare and distribute promotional materials.
- Provide an information and an office/contact point for potential investors.
- Identify potential investment opportunities in Leelanau County.
- Compile and make available information concerning sources of venture capital for Leelanau County.
- Encourage creation of Leelanau County Venture Capital Club.
- Support development of measures which will have possible long term impact on the Leelanau County economic base.
- Promote the designation/development of Manitou Bottomland Preserve.
- Support possible expansion of recreational harbors at Greilickville, Suttons Bay, Peshawbestown/Omena, Northport, Leland, and Empire by assisting in conducting preliminary feasibility analysis.
- Identify and develop, Countywide, 1 or 2 light industrial areas (one with an integrated research and training facility).
- Assure a high quality fisheries management program including fish stocking and habitat improvements consistent with the quality and carrying capacity of the County's lakes and surrounding Great Lakes waters.
- Initiate a Countywide Housing Task Force to recommend measures to develop a diversified housing stock containing an adequate range and mix of housing types consistent with the County's projected population.

Growth Management and Planning:

- Update the Leelanau County Comprehensive Plan based on a state-of-the-art approach emphasizing maximum feasible public participation (i.e., public forums/task forces, etc.).
- Develop and adopt a Strategic Economic Development Plan which will also serve as the basis for the Eco-

nomic Development section of the new Comprehensive Plan.

- Create specific growth management tools such as:
 - Automated/Integrated Land Management Information System .
 - Growth impact assessment tool/procedure based on the Integrated Land Management Information System

Infrastructure Development:

- Adopt a revised organizational schematic for County planning efforts including use of citizen advisory committees for major functional areas.
- In cooperation with local governments, evaluate and reexamine planning/zoning/land use regulation activities in Leelanau County for the purpose of redefining growth management roles and responsibilities among the villages, townships and the county.
- Contract for a preliminary engineering review of the central corridor arterial transportation routes.
- Maintain and improve regional air service by actively advocating and financially supporting the Northwest Regional Airport (Cherry Capital) as a 5 (or 6) county regional airport.
- Initiate a program of planned public investments in infrastructure based on a formally adopted multi-year Capital Improvement Program.

Coordination/Education:

- Participate actively in regional economic development efforts on the following basis:
 - Advocate and financially support a single regional agency for economic development.
 - Provide financial support for the single regional economic development agency primarily on a contractual fee for services basis.
- Advocate and financially support public issue education programs for Leelanau citizens such as MSU Cooperative Ex-

tension Service/New Horizons Program, etc.

- Integrate county plans with planning of the National Park Service, i.e. Buffer Zone Plan, Buffer Zone Task Force, service roads, major facilities etc.
- Contract for provision of a small business training service to be provided on a modest fee basis to strengthen the management capacities of County entrepreneurs.

Communication:

- Initiate a public information program using a broad range of techniques designed to provide to County citizens current, accurate information concerning public policy issues and county operations in Leelanau County, i.e., newsletters, news releases, speakers bureaus, slide/tape or video presentations etc.

ITEMS FOR DISCUSSION

Additional items for discussion offered as a result of this paper include:

- Work more closely with the Grand Traverse Band and local units of government in cooperative development projects.

- Formalize intergovernmental coordination and communications.
- Try to attract higher paying service jobs in the county, e.g., health care, and technical support.
- Strategically guide placement of future employers/economic centers in the county using public investment infrastructure due to limits in transportation and other public infrastructure systems throughout much of the County.
- Develop a data collection and monitoring program to update seasonal population data and more closely analyze the impact of seasonal residents and tourists on the local economy and public services.
- Develop strategies to capture a higher percentage of transfer payments brought into the County (e.g., pensions).
- Create a structure for local planning and zoning that readily encourages and permits local governments to take actions to implement consensus recommendations in the **General Development Plan** for the Peninsula.

APPENDICES

Appendix A

LEELANAU COUNTY ECONOMIC DEVELOPMENT GROUPS

Traverse Bay Economic Development Corporation
202 E. Grandview Parkway
P.O. Box 387
Traverse City, MI 49685
(616) 946-1551

Jeff Mirate
Grand Traverse Chippewa Band Economic Development Specialist
(616) 271-6477

American Indian Business Development Consortium
1235 Woodmere Ave.
Traverse City, MI
(616) 941-4616

Michigan Department of Commerce, Area Development Office
John Bailey (616) 941-4590
Marc Oberschulte (616) 947-5454

Northwest Shore Small Business Center and Center for Business and Industry
1701 E. Front Street
Traverse City, MI 49684

Northwest Michigan Council of Governments
160 East State Street
P.O. Box 506
Traverse City, MI 49685
(616) 929-5000

Northwest Michigan Human Service Agency
3963 Three Mile Road
Traverse City, MI 49684
(616) 947-3780

Private Industry Council
1-800-947-3780
(616) 947-3780

Leelanau County Cooperative Extension
Courthouse
Leland, MI 49654
(616) 256-5521

Leelanau County EDC
Tim Dolehanty
Planning Department
113 Grand Ave.
P.O. Box 546
Leland, MI 49654
(616) 256-9812

Traverse City Branch of the
Michigan Employment Security Commission
1144 Boon
Traverse City, MI 49685
(616) 946-6550

Appendix B

LITERATURE REVIEWED

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